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ASEAN Foreign Ministers Meeting on Cambodia

ASEAN, PNG Ministers Arrive

BK2307133290 Jakarta ANTARA in English 1221 GMT 23 Jul 90

[Text] Jakarta, Jul 23 (ANTARA)—ASEAN, more than in the previous years, will be ready to adopt "bolder" steps in facing new developments concerning the Cambodian issue, Philippine Foreign Minister Raul S. Manglapus said here Monday.

Upon arrival here to attend the 23rd ASEAN Ministerial Meeting (AMM) scheduled from July 24 to 25, he further said that such a policy will be possible in view of the effective leadership of Indonesia ever since the organization was set up in 1967.

However, explanations on what the bolder steps are, will only be available after the six foreign ministers of ASEAN conclude their meeting, he said.

On whether the new U.S. policy of not recognizing the U.N. seat of the Coalition Government of Democratic Cambodia (CGDC) will draw all ASEAN members closer, the foreign minister said that the association has always been able to come up with progressive steps in settling the problem.

"It cannot be denied that it was ASEAN which managed to bring the four conflicting factions in Cambodia to the negotiation table," he said adding that if in the last minutes some "hitches" always emerged, obviously it was not the fault of the association or Indonesia as the interlocutor.

The more important thing now is to intensify inter-ASEAN cooperation and to seriously find inputs concerning the more than 11 years problem from other countries, the foreign minister said.

On how did the Philippines feel about the shift in the U.S. policy, he said that before Secretary of State James Baker announced the policy, his country was told about the backgrounds as well as reasons for the new decision.

Minister Manglapus, who refused to describe the briefing by the U.S. Embassy as a "consultation" further said that however, the backgrounds and reasons actually had been reported widely by the mass media.

Touching on the topics of discussion to be brought by the Philippines to the 23rd AMM, he said they will include those on regional security and economic cooperation issues.

Arrived by the same commercial plane with Minister Manglapus was Foreign Minister of Papua New Guinea (PNG) Michael Somare who said that the current AMM marked PNG's tenth presence as a special observer of ASEAN meetings.

Upon question on whether his country will support Indonesia to become a special observer as well in the meetings of the South Pacific Forum (SPF), he said: "So far I have not received a formal request from Indonesia for the purpose."

The former prime minister of the country which borders on Indonesia's eastern-most province of Irian Jaya further said that however, if requested PNG would gladly extend its support.

Meanwhile, Indonesian Foreign Minister Ali Alatas who accompanied Minister Somare said that Indonesia has never asked to become a special observer of SPF.

"What has been done so far is making the relations between ASEAN and SPF closer. And if there is an observer, it does not necessarily mean Indonesia, because other ASEAN countries can also function as an SPF observer," he explained.

Aside from Minister Manglapus and Somare, also arrived on the same day were the foreign ministers of Malaysia, Brunei Darussalam, Singapore and Thailand, respectively Abu Hassan Omar, Prince Mohamed Bolkiah, Wong Kang Seng and Sitthi Sawetsila.

The 23d AMM, opened by President Suharto Tuesday [24 July], is to be followed by a post ministerial conferences (PMC) between ASEAN and its dialog partners (the U.S., Australia, Japan, Canada, EEC, and New Zealand) from July 27 to 28.

UN 'Big Five' Role Urged

BK2407024690 Hong Kong AFP in English 0232 GMT 24 Jul 90

[Text] Jakarta, July 23 (AFP)—Foreign Ministers from the Association of Southeast Asian Nations (ASEAN) called Tuesday for the five permanent members of the U.N. Security Council to play a stronger role in resolving the Cambodian conflict.

However, the ministers told U.N. representatives that the big powers must not impose their will in the search for a peaceful settlement of the 11-year conflict, meeting sources said.

ASEAN ministers said they were convinced the Big Five could play a "more dominant role" in resolving the Cambodian problem, one source said, adding that the ministers also stressed that "there can be no imposition of their will."

The meeting was attended by the chairperson of the ad-hoc Committee of the International Conference on Kampuchea (Cambodia) Claude Absa Diallo and Ahmed Rafiuddin, the special representative of the U.N. secretary general as well as the six ASEAN ministers.

The five permanent members of the Security Council—the United States, the Soviet Union, Britain, France and China—agreed at a meeting in Paris this month on the need for a Supreme National Council with authority over Cambodians "of all shades of political opinion."

ASEAN, which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand—has been at the forefront of efforts to find a peaceful solution to the Cambodian problem.

The ASEAN ministers, who began their two-day annual meeting here Tuesday, said in a joint statement Monday they would continue to coordinate their efforts with the permanent five and the United Nations secretary general in the search for a comprehensive political solution to the Cambodian problem.

Suharto Addresses Meeting

BK2407042890 Hong Kong AFP in English 0416 GMT 24 Jul 90

[Text] Jakarta, July 24 (AFP)—Non-communist Southeast Asia Tuesday opened a ministerial meeting here with calls for unity and dynamic adaptation to recent world developments.

"ASEAN should maintain a commensurate capacity for continuous dynamic adaptation while maintaining a unity in stance and move towards its common aims," President Suharto of host Indonesia said opening the 23rd ASEAN ministerial meeting at the Merdeka Palace here.

Foreign ministers of the Association of South East Asian Nations (ASEAN)—Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand—are due to hold two days of talks followed by a series of discussions with their counterparts from the group's main Western "dialogue partners."

Mr. Suharto said the ministerial meetings should be "fully utilized to comprehensively and critically review ASEAN positions, interests and major aims in a continously and rapidly changing and developing regional and international environment."

He criticised parties and countries involved in efforts to seek a peaceful settlement to the 11-year-old conflict in Cambodia for not showing their political willingness to solve the issue and warned of that the current deadlock could block peace efforts.

"I want to call on all countries which can make a decisive contribution to the peace process to contain themselves and not engage in moves that would only lengthen the armed conflict," he said.

In the economic field, Mr. Suharto called on the regional grouping to strive to remain in the forefront of efforts to maintain an open, just and reliable international trading system.

"We should actively contribute to the development of APEC (the Asia Pacific Economic Cooperation forum) so that it can turn into a wider cooperation and consultation forum for Asia-Pacific countries," he said.

The forum was first proposed by Australia and ASEAN took part in the first exploratory talks in Canberra in November which also involved Canada, Japan, New Zealand, South Korea and the United States. Members are due to meet again in Singapore next week.

The Indonesian leader cautioned that APEC should strengthen ASEAN and not dilute the identity and unity of the regional group.

ASEAN foreign ministers are scheduled to officially start the sessions later Tuesday with their opening statements followed by a closed session which delegation sources said would revolve around the questions of Indochinese refugees.

ASEAN nations have in the past decade provided temporary asylum for continuous flow of Indochinese boat people. However, they have repeatedly called for a speedier resettlement of the refugees in Western countries and the repatriation of those found to be economic migrants and not genuine refugees.

Radio on Suharto Address

BK2407052890 Jakarta Domestic Service in Indonesian 0500 GMT 24 Jul 90

[Text] President Suharto stressed that ASEAN must be prepared to cope with an external situation, which is completely different, in this decade. Therefore, it is necessary for ASEAN to maintain a suitable capability to constantly make adjustment in a dynamic way and maintain a united attitude and movement toward its common goal.

Opening the 23d annual meeting of ASEAN foreign ministers at the State Palace in Jakarta this morning, President Suharto said the annual meeting should be fully utilized to assess and review the fast-changing international and regional situation in a critical and comprehensive way.

Nearly 300 local and foreign journalists have registered themselves to cover the two-day annual event. According to the Directorate of Foreign Information of the Foreign Affairs Department, a total of 280 journalists identity cards had been issued as of last night and more identity cards are expected to be issued on the eve of the meeting between ASEAN foreign ministers and their dialogue partners 27-28 July.

Statement on U.S. Policy

BK2407081290 Kuala Lumpur BERNAMA in English 0440 GMT 24 Jul 90

[By Sukardi Abdul Ghani]

[Text] Jakarta, July 24 (OANA-BERNAMA)—ASEAN feels that attempts to change the Cambodian representation in the United Nations at this time will be a setback to the search for a comprehensive political solution to the Cambodian problem.

Defending the position of the Coalition Government of Democratic Kampuchea (CGDK) as the legitimate government of Cambodians, ASEAN foreign ministers meeting here also reiterated their stand that resistance leader Prince Norodom Sihanouk had a key role to play towards achieving an early solution to the 12-year-old conflict.

All peace efforts at the negotiating table must be stepped up, including the reconvening of the Paris international conference on Cambodia, jointly chaired by France and Indonesia, the ministers said in a statement issued here late Monday.

It was the first official statement by ASEAN following the United States' decision last week to withdraw support for recognition of the Cambodian resistance coalition's seat in the United Nations.

The ASEAN stand dismisses speculation that the grouping's six member countries—Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand—might be divided over continuing support for the CGDK in view of the U.S. policy shift.

The foreign ministers, Prince Mohamed Bolkiah (Brunei), Ali Alatas (Indonesia), Abu Hassan Omar (Malaysia), Raul Manglapus (the Philippines), Wong Kan Seng (Singapore), and Air Chief Marshal Sitthi Sawetsila (Thailand) issued the three-page statement at the end of a working dinner preceding the opening of their annual meeting here Tuesday.

Emphasising the pressing need for a ceasefire as a crucial element of a comprehensive political settlement, they reiterated their conviction that the conflict could only be settled through peaceful negotiations.

They said: "(We) fully support an enhanced role for the U.N. in Cambodia." This, they added, could be implemented through several avenues such as the presence of a U.N. interim administration for Cambodia pending elections.

They also called on the warring factions to come to an urgent agreement on the creation of a supreme national council as a vehicle towards achieving national reconciliation.

They said: "(We) regret that the parties to the conflict have failed to bring an end to the suffering of their people and destruction to their country (and instead) have hardened their positions and retreated from previous areas of agreement.

"Military conflict has intensified. The Cambodian people have waited too long for a just and durable peace settlement. They deserve it now."

Conference officials said the Cambodian issue would probably take centre stage at this year's ministerial meeting because of the renewed interest generated by shift in U.S. policy which would push back other equally crucial issues on Indo-Chinese boat people and economic matters.

U.S. Secretary of State, James Baker, who announced the U.S. decision, is due here on Thursday to attend the post-ministerial conference with the other ASEAN dialogue partners—Australia, Canada, the European Community and Japan.

Alatas, who is chairman of the ASEAN Standing Committee, said ASEAN would seek a first-hand explanation from Baker on the U.S. policy on Cambodia during his three-day stay in the Indonesian capital.

ASEAN officials who doubt that Washington's shift in policy would help bring about a comprehensive solution to the conflict fear that it would only spur the dominant Khmer Rouge to strengthen its resolve to achieve a military victory.

Indonesian Minister on U.S.

BK2407054390 Jakarta Domestic Service in Indonesian 0500 GMT 24 Jul 90

[Text] The U.S. policy to withdraw recognition of the Coalition Government of Democratic Kampuchea may affect the economic situation in Southeast Asia, which may not necessarily benefit ASEAN countries in general. Trade Minister Arifin Siregar said the U.S. move will obviously benefit Vietnam both politically and economically because of the possible inflow of U.S. investment to that country.

U.S., SRV Refugee Policy Viewed

BK2407090990 Hong Kong AFP in English 0815 GMT 24 Jul 90

[Text] Jakarta, July 24 (AFP)—The non-communist nations of Southeast Asia Tuesday hit out at the United States and Vietnam, saying they were to blame if an international plan to resolve the Indochina refugee problem collapsed.

The Association of Southeast Asian Nations (ASEAN), at its annual ministerial meeting, said they could be forced to abandon temporary refuge for boat people to safeguard their own national interests.

"The responsibility for the collapse of the CPA (the Comprehensive Plan of Action adopted at an international conference last year) rests entirely with those who insist on the selective implementation of the CPA," they said.

Privately, one ASEAN official said that if Washington did not respond positively to ASEAN concerns in the next few days, "then the CPA is dead."

ASEAN ministers are to take up the refugee issue with U.S. Secretary of State James Baker here later this week during an annual series of dialogue sessions with the regional grouping's major developed trading partners.

At the weekend, they heard a proposal from the United Nations High Commissioner for Refugees (UNHCR) on sharing the refugee burden—a proposal which apparently has the backing of Washington.

But ASEAN, stung by what they consider to be U.S. insensitivity to their concerns, chose "not to take the proposal into consideration at this time," but rather to stick to their position, a senior ASEAN diplomat said.

In a joint statement drafted this week, ASEAN states "regretted" that some members had been pressured to continue giving temporary refuge, while Hanoi and Washington "have chosen to ignore fundamental elements" of the action plan.

"Vietnam, as the country of origin, has failed to take effective measures to prevent the clandestine departure of its citizens," ASEAN members Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand said.

"Vietnam and the United States have refused to accept the involuntary repatriation of non-refugees," they added.

"The foreign ministers reiterated the sovereign right of the (countries of temporary refuge) to take such actions as they deem necessary, in a more coordinated and concerted manner, to safeguard their national interests including the possible abandonment of temporary refuge," they said.

Adoption of the draft was delayed by the Philippines' insistence on inserting the word "possible," informed sources said.

ASEAN sources said this left the way open to Manila and others to continue allowing refugees to land while officially backing the tougher stance.

While Singapore and Malaysia have taken a hard line on the refugee influx, including turning boat people back out to sea, Indonesia and the Philippines have been more flexible.

The so-called first-asylum countries—Brunei, Hong Kong, Indonesia, Malaysia, the Philippines and Thailand—host an estimated 100,000 boat people being processed for resettlement in third countries.

Under the CPA, would-be refugees are screened to separate so-called economic refugees from genuine political asylum-seekers.

The ASEAN statement reiterated a call for any country opposing voluntary repatriation "to offer an effective intermediate solution, such as the setting up and financing on its own territory of a regional holding center for all non-refugees."

This call was aimed at the United States, which has rejected suggestions that it set up a refugee holding center on U.S. territory.

ASEAN diplomats said the UNHCR text was a proposed compromise between ASEAN's position and that of the United States.

Malaysia's Abu Hassan on Refugees

BK2407101190 Kuala Lumpur BERNAMA in English 0850 GMT 24 Jul 90

[By Sukardi Abdul Ghany]

[Text] Jakarta, July 24 (OANA-BERNAMA)—Malaysia Tuesday called for a time-frame to effectively tackle the Indochinese boat people problem which has reached an impasse because of the United States' and Vietnamese opposition to forced repatriation.

Foreign Minister Abu Hassan Omar said an indeterminate solution, without a time-frame, was no solution and "We accept nothing less than a durable solution".

"If it becomes necessary, we, as sovereign countries, will naturally have to study options open to us to secure that durable solution," he added at the opening session of the 23d ASEAN ministerial meeting here.

Under a Comprehensive Plan of Action (CPA) on Indochinese refugees adopted at a U.N.-sponsored conference in Geneva last year, first asylum countries agreed to give temporary refuge to boat people until they could be resettled in third countries.

However, the asylum countries which include Malaysia, Indonesia, Thailand and the Philippines, have been unable to implement the CPA because the U.S. and Vietnam objected to forced repatriation.

Abu Hassan reminded Vietnam that its future progress and prosperity hinged upon a relationship of friendship with its neighbours.

He said: "It has not played its part in preventing illegal departure of its citizens. It has refused to accept involuntary repatriation of Vietnamese economic migrants who are not welcome in third countries.

"Now, Vietnam creates impediments for the return of those who have volunteered to do so, making repatriation more difficult."

First asylum countries like Malaysia could not accept such an imposition by Vietnam, he added.

Describing the U.S as not being helpful either, Abu Hassan said the U.S. position only provided comfort and protection to Vietnamese intransigence.

He added that, undeservedly, a campaign of vilification had been mounted against some of the first asylum countries and the U.S. Congress, in particular, tried to apply pressure in various forms.

Abu Hassan, who was earlier elected vice chairman of the conference, also urged the U.S. to resume its dailogue with the Palestine Liberation Organisation (PLO) to contribute to the Palestinian peace process.

He said the suspension of the dailogue had no other effect except to give encouragement to Israel to let the problem of Palestine remain unresolved.

On economic issues, Abu Hassan admitted that intra-ASEAN economic cooperation was still at a modest state despite all efforts and good intentions to facilitate its growth.

Obviously, this had to be accorded higher priority in view of the rapid pace of development taking place, such as, the near-completion of the European single market, the U.S-Canada Free Trade Agreement and the Australia-New Zealand closer economic relations and trade agreement, he added.

He also spoke on the Cambodian issue and stressed ASEAN's wish to see an end to the war and suffering in Cambodia.

"There is no alternative to peace in Cambodia other than a comprehensive political settlement through negotiations for a national reconciliation," he said.

Reiterating ASEAN's collective view that the leadership of Prince Norodom Sihanouk was needed for Cambodian national reconciliation, he said ASEAN must continue to give its undivided support to the prince in this regard.

Report on Joint Statement

BK2407133490 Hong Kong AFP in English 1808 GMT 23 Jul 90

[Text] Jakarta, July 23 (AFP)—Non-communist Southeast Asia said Monday that any attempt to change Cambodia's representation at the United Nations at this time would set back peace efforts.

Foreign ministers of the Association of Southeast Asian Nations (ASEAN) said in a joint statement here that before any change could be made, Cambodia should have a "Supreme National Council" (SNC) representing all shades of political opinion.

Cambodia's U.N. seat is held by a resistance coalition grouping the Khmer Rouge and two non-communist groups led by former monarch Prince Norodom Sihanouk and former Premier Son Sann.

"Attempts to change the representation of Cambodia at this time, in the absence of an acceptable SNC, would set back the search for a comprehensive political solution to the Cambodian problem," the statement said.

U.S. Secretary of State James Baker announced last week that Washington was withdrawing its recognition of the U.N. Cambodian seat held by the tripartite resistance coalition.

ASEAN, which comprises Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, has been informed that the reason behind the U.S. shift in policy was fear of a return to power of the Marxist Khmer Rouge.

The Khmer Rouge killed hundreds of thousands of Cambodians during their nearly four-year rule over the country before their ouster by Vietnamese troops in 1979.

The statement said ASEAN was "convinced that the Cambodian factions should come to an urgent agreement on the creation of the Supreme National Council," which should include "representative individuals with authority among the Cambodian people of all shades of political opinion."

The SNC, ASEAN said, should be the organisation to occupy the Cambodian seat at the United Nations.

The regional grouping also expressed hope that the SNC could be set up by the time the upcoming U.N. General Assembly is convened in September.

Mr. Baker is due to arrive here Wednesday for talks between ASEAN and its dialogue partners: Australia, Canada, the European Community, Japan, New Zealand and the United States.

ASEAN ministers had said as they arrived here earlier Monday that they expected Mr. Baker to explain the rationale behind the surprise policy shift.

Other dialogue partners, including the European Community, are expected to put forth views similar to those of Washington in their sessions here this week.

Some delegates have expressed concern that the U.S. policy shift, which would further internationally isolate the Khmer Rouge, might encourage the Chinese-armed group to press their case on the battlefield.

The ASEAN ministers pledged to cooperate with the efforts of the five permanent members of the United Nations Security Council—the United States, the Soviet Union, China, Britain and France—in seeking a solution to the 11-year old conflict in Cambodia.

ASEAN was instrumental in bringing the four Cambodian factions—the Hanoi-backed Phnom Penh government and the three resistance groups—together for the first time for talks in Indonesia in July 1988.

Indonesia and France co-chaired an international conference on Cambodia in Paris last August but as in other meetings held by ASEAN, the main stumbling block has always been the Khmer Rouge role in any future government in Cambodia.

ASEAN expressed the hope that Indonesia and France, as the two co-chairmen of the Paris international conference on Cambodia would be able to reconvene the forum "as soon as feasible."

The joint statement was issued after a working dinner on the eve of the opening of the two-day 23rd ASEAN ministerial meeting.

Japan

Prime Minister Kaifu on Dialogue With NATO

PM2307111490 Paris LE FIGARO in French 19 Jul 90 p 4

[Interview with Japanese Prime Minister Toshiki Kaifu by Jacques Jacquet-Francillon; place and date not given]

[Text] [Jacquet-Francillon] Last month Japan agreed to be represented officially by an observer at a NATO meeting in Belgium for the first time. Why? What kind of cooperation are you seeking with the United States and Europe in the security sphere?

[Kaifu] We must have a global viewpoint in the security sphere, and I think that it is crucially important to maintain dialogue among the various partners in the Western camp to enable us to have good mutual understanding.

There are already very close relations between the United States and Japan which are based on our security and cooperation treaty. But I think that this is not yet the case with Europe and that we must further strengthen such relations. In this respect, I think that the participation of a top official from our government in a NATO seminar has been useful in establishing dialogue. Such participation is valuable to provide us with information about recent developments in Europe and about the effects which that could have on the Asia-Pacific region.

We intend to pursue dialogue with the European countries and the United States on security questions, because I think that this is how we will be able to make our contribution to the security of the whole Western camp.

[Jacquet-Francillon] Do you intend to develop this cooperation with NATO in a closer way in the near future?

[Kaifu] We will continue to strengthen our dialogue with NATO because this is important to enable us to understand more clearly what the NATO countries think and thus to determine the role we could play in the West's security.

[Jacquet-Francillon] Do the events that have taken place in East Europe over the past year fundamentally change your analysis of the nature of relations between Japan and the Soviet Union?

[Kaifu] The recent developments in East Europe have been dramatic and have taken place at lightning speed, and I think that this is something that has been very beneficial for detente between East and West and for moving beyond the cold war. But I think that Mr. Gorbachev's foreign policy, which can be described as "new thinking," should also have beneficial effects in the Asia- Pacific region.

I think it is vital for us to normalize our relations with the Soviet Union in the true sense of the word and, to achieve that, I think it is necessary to settle our territorial dispute as quickly as possible.

[Jacquet-Francillon] What do you mean?

[Kaifu] I explained that at the Houston summit. I discussed it with the various heads of state and of government. I told them that confrontation between East and West will only really end if the Japanese-Soviet territorial dispute is settled.

In this connection, I received the understanding and support of participants in the summit of the Seven. This was mentioned in the final communique.

Next year, President Gorbachev is due to visit Japan. We hope that that visit will be the starting point for a radical improvement in Japanese-Soviet relations. We hope that Mr. Shevardnadze's visit to Japan, scheduled for September, will be a good step in that direction.

[Jacquet-Francillon] Does what you have just said mean that Japan should not help Mr. Gorbachev in his policy of perestroyka before he has made a goodwill gesture toward you, notably with regard to the settlement of the territorial problem?

[Kaifu] That is not our view.... I can tell you that I have always given support to the so-called perestroyka policy because it is a step in the right direction.

We want perestroyka to be successful because a transitional process leading to democracy and a market economy is necessary. We will give our support to that policy as far as possible ...

[Jacquet-Francillon] How far are you prepared to go?

[Kaifu] The question is rather different when it comes to financial aid.

First, because the Houston summit decided not to give such aid but to start with an examination of the real Soviet needs, followed by consultation.

Second, the Soviet Union is still a big military power and this state of affairs must be changed [reforme].

Third, I would like to reaffirm that Japan has a territorial dispute with the Soviet Union which must be settled before we can give it financial aid. We must therefore adopt a rather cautious attitude.

[Jacquet-Francillon] Can you give us a final comment?

[Kaifu] One last word about Mr. Gorbachev: I hope he has the determination to carry through his perestroyka policy and that he will show initiative in applying his "new thinking" to Japanese-Soviet relations. I think that it is only then that confrontation between East and West can really end. I am counting on a firm initiative from him.

Nakayama Explains Remarks on Aid to USSR

OW2307092090 Tokyo KYODO in English 0812 GMT 23 Jul 90

[Text] Tokyo, July 23 KYODO—Foreign Minister Taro Nakayama on Monday denied any intention of slandering the Soviet Union by his remark last week that financial assistance to the Soviets would be useless, officials said.

In a speech at a meeting of business leaders in Nagoya on Friday, Nakayama said financial aid to the Soviet Union "would be no more than money down the drain."

Nakayama was explaining the background to his controversial comment during a 45-minute meeting with Soviet Ambassador to Japan Nikolay Solovyev and a nine-member Soviet delegation, who paid a visit to the foreign minister. Nakayama told Solovyev that he was not conveying any views expressed by some of world leaders at the Houston summit, according to the officials at the Foreign Ministry. He regretted having caused a "misunderstanding" over his comment, the officials said.

The Soviet envoy replied that he understood Nakayama's explanation, the officials said.

Concerted Western financial aid to the Soviet Union was one of the major topics at the annual summit of the United States, Japan, Britain, France, West Germany, Italy, and Canada. France and West Germany called for providing massive aid to Moscow to help back Soviet President Mikhail Gorbachev's perestroyka restructuring policy. But Japan, the U.S. and Britain opposed it.

Japanese Prime Minister Toshiki Kaifu maintained that Japan is unwilling to provide financial assistance to the Soviets because of the long-standing territorial dispute with Moscow, officials said.

The Soviet delegation, led by Vladimir Zyukin, first secretary of the Komsomol (the Leninist Young Communist League of the Soviet Union), is currently in Japan to attend a lower house-sponsored international conference of young people, held in Osaka over the weekend. Zyukin was quoted as saying that an exchange of young people would contribute to promoting bilateral ties between Japan and the Soviet Union.

A Ukrainian member of the Soviet mission called for Japanese help for victims of the Chernobyl nuclear disaster, and Nakayama promised to consider the request, the officials said.

Kaifu: World Changes Affect Defense Policy

OW2007134890 Tokyo KYODO in English 1135 GMT 20 Jul 90

[Text] Tokyo, July 20 KYODO—Prime Minister Toshiki Kaifu instructed Defense Agency officials Friday to take changes in the international situation into account in drawing up Japan's defense policy, government officials said.

Kaifu gave the instruction to Tomoharu Yoda, vice minister of defense, Kazuo Fujii, chief of the agency's Defense Policy Bureau, and Ichiro Yoneyama, chief of the Cabinet Security Affairs Office.

"At the summit meeting of seven major economic powers (in Houston), the perception of the international situation by European countries has changed so much. I hope future policy and white papers would be based on this point," Kaifu was quoted as saying.

Kaifu particularly noted that the attitude of the United States and West European countries toward the Soviet Union has shifted to positive support.

Defense Agency officials reported to Kaifu that the international military situation has not changed sufficiently to justify altering Japan's understanding of the military situation as shown in the 1976 national defense program outline, the country's defense policy platform.

The 1976 platform says there will be no major changes in international circumstances surrounding Japan and calls for building up defense capabilities for repulsing a "limited and small-scale aggression" independently.

The Defense Agency takes the view that the Soviet Far East forces remain a potential threat to Japan despite dramatic changes in the military situation in Europe, officials said.

Miyazawa Urges 'New Defense Buildup Plan'

OW2107142090 Tokyo KYODO in English 1104 GMT 21 Jul 90

[Text] Washington, July 21 KYODO—The Japanese Government should work out a new defense buildup plan covering a three-year period instead of five years in response to the changing international situation, former Finance Minister Kiichi Miyazawa said.

Miyazawa, who is visiting the United States at the head of a suprapartisan parliamentary mission, told KYODO NEWS SERVICE in an interview on Friday that the new program should put emphasis on improvement of logistic support capability of the Self-Defense Forces. He predicted annual defense outlays would not exceed 1 percent of Japan's gross national product (GNP) in the future. The government and ruling Liberal Democratic Party (LDP) have launched preparations to draw up a defense program due to start in fiscal 1991.

Shin Kanemaru, former deputy prime minister and an influential member of the LDP, has stressed the need for the government to work out a defense program which will meet East-West detente. Miyazawa said if the five-year period is too long, it should be shortened to three years and that emphasis should be placed on improvement of logistic support instead of frontline equipment improvement. He supported the government's policy of opposing liberalization of rice imports but warned of the possibility of the United States and the European Community compromising on plans to institute tariffs on rice trade as a step to eliminate nontariff barriers to world trade. Miyazawa called on the government to closely follow developments in the current Uruguay round of multilateral trade negotiations under the auspices of the General Agreement on Tariffs and Trade.

Kadena Residents Protest U.S. Military Exercise

OW2207033390 Naha RYUKYU SHIMPO in Japanese 22 Jul 90 Morning Edition p 25

[Text] Kadena—Residents in Kadena Town are suffering night and day from loud aircraft noises caused by the Operational Readiness Inspection (ORI) exercise which started at Kadena Air Base on 17 July. A "residents' rally to protest the training of U.S.forces" was held in Kadena Town on the afternoon of 21 July under the sponsorship of Kadena Town, the Kadena Town Assembly, and the Kadena Town Consultative Meeting on Bases. This is the first time in 18 years that such a protest rally has been held. At the rally, sponsors, women, and youths condemned U.S. forces and the Japanese Government, contending that "any actions taken in defiance of the feelings of residents are not permissible, and residents are suffering damage due to the military bases because of the Japan- U.S. Security Treaty." Rally participants also adopted a resolution protesting the training of U.S. forces. Kadena Town plans to conduct protest actions on 23 July, during which they will ask the Naha Defense Facilities Administration Bureau, the Okinawa Prefectural Government, the Okinawa Prefectural Assembly and U.S. forces to halt the training of U.S. forces.

The ORI is designed to check the operational readiness of a base in anticipation of emergency situation. Since the ORI started on 17 July, F-15 Eagle fighters, F-16 Fighting Falcon fighters from Misawa Air Base in Aomori Prefecture, F-4 Phantom fighters from Clark Air Base in the Philippines, A-4 Skyhawk attack-type fighters and A-6 Intruder attack-type fighters have repeatedly conducted landings and take-offs during late night and early morning, disturbing residents' quiet sleep.

At the rally, Kadena Town Mayor Choei Yoshihama said: "Training sessions have been conducted for 45 years since the end of World War II, ignoring the fact that town residents are living near the base and that we can no longer tolerate them. We will have to fight so that our town residents can live in peace at the earliest opportunity."

Speaking with a microphone at the rally, Seitoku Koja, vice speaker of the Kadena Town Assembly, and Tadaaki Matsudo, president of the Kadena Town Consultative Meeting on Base, vented their anger toward the U.S. forces, asserting: "We can not permit an exercise to be conducted without being given prior notice and a set time and date. It is an arrogant action in defiance of town residents."

At the rally, Michiko Miyagi, president of the Kadena Town Women's Club, and Sakae Nakandakari, president of the Kadena Town Youth Association, stated their views on the training of U.S. forces on behalf of youths and women in Kadena Town.

The rally adopted a declaration amid a loud applause, calling for opposition to all military training and a halt to the current ORI exercise.

House of Representatives member Kosuke Uehara, who hails from Kadena Town, participated in the rally to encourage rally participants.

Takeshita To Visit PRC as 'Special Envoy'

OW2407093990 Tokyo KYODO in English 0832 GMT 24 Jul 90

[Text] Tokyo, July 24 KYODO—Prime Minister Toshiki Kaifu will send former Prime Minister Noboru Takeshita to China as a special envoy in September, officials said Tuesday. Takeshita will also attend the opening ceremony of the Asian Games to be held on September 22 in Beijing as Kaifu's personal envoy.

Takeshita will also formally inform the Chinese Government of Japan's intention to unfreeze an 810 billion yen loan package to Beijing. He committed the credit during a trip to China in 1988 while he was prime minister. Officials said the Takeshita trip was agreed to in a meeting Tuesday between Kaifu and Ichiro Ozawa, the secretary general of the ruling Liberal Democratic Party.

Kanemaru Hopes To Aid PRC-Taiwan Relations

OW2007135390 Tokyo KYODO in English 1246 GMT 20 Jul 90

[Text] Tokyo, July 20 KYODO—Powerful conservative politician Shin Kanemaru said Friday that he will visit China for eight days starting on August 29 for talks with Chinese leaders Deng Xiaoping, Jiang Zemin and Li Peng. Kanemaru, head of the largest faction within the ruling Liberal Democratic Party (LDP), will be a Chinese Government guest.

Kanemaru told reporters that the Chinese and Taiwanese are one race and hoped to help China and Taiwan promote reconciliation.

Kanemaru, who served as deputy prime minister under former Prime Minister Yasuhiro Nakasone, is regarded as one of the most influential LDP politicians backing Prime Minister Toshiki Kaifu. He currently heads the LDP's biggest power bloc founded by former Prime Minister Noboru Takeshita, who has refrained from factional activities after stepping down from power in June last year.

Tang Jiaxuan, minister at the Chinese Embassy here, visited Kanemaru at his office and handed him an official invitation. Kanemaru told the Chinese diplomat that he will be happy to go to China.

Kanemaru will visit Beijing, Dalian, Harbin, and Shanghai before returning to Tokyo on September 5.

Known as one of Japan's pro-Taiwan politicians, Kanemaru has never been to China.

He denied any intention of holding talks in Beijing with North Korean officials about the release of two Japanese seamen detained on espionage charges.

Steelmakers Agree To Increase Exports to PRC

OW2307062090 Tokyo KYODO in English 0559 GMT 23 Jul 90

[Text] Tokyo, July 23 KYODO—Japan's six major steelmakers have agreed to export a little less than one million tons of rolled steel to China in the second half of this year, Nippon Steel Corp. officials said Monday. The exports, excluding seamless pipes, will double the 500,000 tons sent in the year's first half when the exports to China fell considerably because of the Tiananmen Square incident in June last year.

Japan agreed to discount prices with the China National Metals and Minerals Import and Export Corp. by 2-3 percent from the first half on a dollar basis in consideration of China's shortage of foreign currencies, the officials said.

The amount of steel, to be shipped between September and January next year, reflected a recovery in China's economy and will equal the 990,000 tons shipped in the latter half of 1981, the officials said. The export amount to China in the second half, however, will be some one-third of the all-time high of 2.96 million tons in the initial half of 1983.

Amid favorable domestic shipments and sluggish exports to the Soviet Union because of a delay in Soviet payment for imports, Japan's total exports of steel this year will be less than 20 million tons, an official at a major steelmaker said.

Takeshita: Continue Mutual Advice With U.S.

OW2307104890 Tokyo KYODO in English 0825 GMT 23 Jul 90

[Text] Tokyo, July 23 KYODO—Former Prime Minister Noboru Takeshita on Monday said Japan and the United States should continue to offer each other constructive advice on domestic issues. As long as the two countries exercise moderation, then it is fine to point out each other's shortcomings, said Takeshita, a powerful member of the ruling Liberal Democratic Party (LDP).

Takeshita cited the recently concluded Structural Impediments Initiative (SII) talks as an example of useful exchanges on each other's domestic policies. The talks, concluded in June, have been criticized by some Japanese commentators as an instance of the U.S. meddling in Japan's affairs.

The U.S. used the year-long negotiations to pressure Japan to increase spending on public works and revise traditional business practices and rules that were thought to hamper competition.

During the talks Japan urged the U.S. to reduce its budget deficit and improve its educational system, but did not demand Washington adopt specified goals.

Takeshita also stressed to an audience of business executives at a Tokyo hotel the importance of keeping commitments to China. He was referring to a 810 billion yen loan package he promised as prime minister in a 1988 visit to China.

Earlier this month Kaifu told the Houston summit of major industrialized nations that Japan intends to lift a freeze on the 1990-1995 package, which has been on hold since Beijing's repression of prodemocracy demonstraters in Tiananmen Square last summer.

Political sources have said that Takeshita is likely to be tapped to serve as government envoy to the September Asian Games in Beijing.

Takeshita, in an hour-long speech, hinted at his support for the growing number of lawmakers who have begun to question Japan's virtual ban on rice imports.

It is important that Japan not create obstacles to farm negotiations at the Uruguay Round of multilateral trade talks, Takeshita said in urging public discussion on opening Japan's rice mart.

"This is an issue that involves some hardship, so (the government) should conduct negotiations while gaining the understanding of the people," Takeshita said.

Farm matters are expected to be a major focus of the talks, slated to conclude in December.

In past weeks legislators from the ruling Liberal Democratic Party, which relies on rural constituencies for much of its support, and opposition parties have been increasingly willing to approach the delicate topic of rice liberalization.

Prime Minister Toshiki Kaifu on Friday called for wide public debate on the rice issue.

Canadian External Affairs Secretary Clark Visits

Meets Foreign Minister Nakayama

OW2307125990 Tokyo KYODO in English 1116 GMT 23 Jul 90

[Text] Tokyo, July 23 KYODO—Canada called on Japan Monday to support a plan for a North Asia security grouping similar to the Conference on Security and Cooperation in Europe (CSCE), Canadian Secretary of State for External Affairs Joe Clark said. Clark, in Tokyo for a regular bilateral consultation with Japanese Foreign Minister Taro Nakayama, did not detail

Nakayama's response, but did say that Japan has been considering a somewhat broader initiative on its own.

In the Clark plan, representatives from Japan, Canada, North and South Korea, the United States, the Soviet Union, and China would meet "informally without an agenda and without an expectation of quick progress" to begin process toward bringing the Cold War in Asia to an end as effectively as has been accomplished in Eastern and Central Europe in the last year.

Clark, at a briefing after his meeting with Nakayama, said Canada believes there is a need for some apparatus in North Asia where countries can meet, work out their differences, and move toward lasting peace and stability.

"Some of the conflicts in the Asia-Pacific are products of the Cold War. An easing of the Cold War, if that occurs in Asia to the degree that it has elsewhere, could cause other conflicts.

"(Canada)...believes that if there are more structures in which people have the opportunity to talk and anticipate problems and try solutions that might work, then that is constructive."

The minister added that while simply trying to bring the CSCE from Europe to Asia would not work, Canada firmly believes that with the superpowers growing less important in many areas, some new structure must be found for dialogue in North Asia. As to the possiblity of actually getting the process to work, Clark admitted it would take time and effort to address the differences between the two Koreas and to bring China, the Soviet Union and others into the framework, but suggested that was why he was asking Nakayama for support.

A Japanese official quoted Nakayama saying, "I don't intend to discuss the politics and security (of Asia) in one organization for the time being because the current situation in Asia is different from that in Europe."

The Japanese foreign minister told Clark that he wants to see a foreign ministers' meeting of Asian countries take place in New York in September, when ministers will attend a General Assembly of the United Nations, the official said.

Nakayama suggested that Clark attend a planned Asian foreign ministers' meeting in New York to explain his proposal, the officials said.

In other areas of discussion, Clark said the two touched on the Cambodian question and the new U.S. policy of withdrawing support for a seat at the United Nations for the tripartite coalition fighting the Hun Sen government in Phnom Penh.

Nakayama reportedly said the two would be discussing the matter in detail in Jakarta at the Association of Southeast Asian Nations' ministerial meeting later in the week. But Clark did point out that the U.S. position outlined by U.S. State Secretary James Baker last week almost directly matches a Canadian policy delineated by Clark in the House of Commons in Canada about six months ago.

The Canadian minister said since he and Nakayama had met earlier this month at the G-24 meeting of the Organization for Economic Cooperation and Development in Paris in early July, again at the Houston Summit and then for a third time Monday, the two had already covered many of the issues between their countries.

He did raise Canadian concerns about cooperation in official development assistance—"an area officials will be pursuing"—Japanese import restrictions on Canadian spruce, pine and fir lumber, cooperation in peaceful uses of nuclear power, cooperation in science and technology, and the importance of a successful end to the Uruguay Round of trade negotiations.

Asked if rice was mentioned, Clark said it came up only because the surname of one of the Canadian delegation members is Rice.

On China, Clark said deputy external affairs ministers from both Japan and Canada have just returned from trips to Beijing and they would be comparing notes at the officials' meetings in Tokyo later this week.

He did not say directly whether Canada supports Japan's decision to unfreeze 810 billion yen in loans to China, but his official spokesperson Abbie Dann pointed out that Canada's own policy does not include ministerial visits nor unfreezing economic aid to China before more signs of reform emerge in China.

"Our deputy minister's visit does not mean (Canadian) policy has changed,"she said.

The two also touched on South Africa. Clark said he was pleased Nakayama appeared to support his position that sanctions should not be lifted against the apartheid country before "real negotiations" begin between Prime Minister F.W de Klerk and Nelson Mandela and the African National Congress.

Clark is to address the Foreign Correspondents' Club of Japan Tuesday before returning to Canada in the evening for a special cabinet session.

Meets Prime Minister Kaifu

OW2407093790 Tokyo KYODO in English 0837 GMT 24 Jul 90

[Text] Tokyo, July 24 KYODO—The Soviet Union must be included in political and economic dialogues in the North Pacific, Canadian Secretary of State for External Affairs Joe Clark said Tuesday. Clark's comment, however, drew a cautious response from Prime Minister Toshiki Kaifu, who suggested the idea is premature. Kaifu told Clark in a meeting Tuesday that conflicts in Asia need to be addressed on an individual basis, a Japanese Foreign Ministry official said.

Clark proposed in a meeting with Japanese Foreign Minister Taro Nakayama on Monday that Japan, Canada, the United States, North and South Korea, the Soviet Union, and China meet informally to ease the Cold War in Asia. "The fact that the Cold War is over in Europe is a reason to intensify the search for peace in the Pacific," he said at the Foreign Correspondents Club of Japan prior to his meeting with Kaifu.

Clark also indicated that Japan must face the necessity of taking part in dialogue with the Soviet Union, despite a longstanding territorial dispute between the two countries. He said Canada supported Japan in inserting the territorial issue into the political declaration issued at the Houston summit of Western industrialized countries earlier this month. But he refrained from giving outright support to the Japanese position that the four islands off Hokkaido occupied by the Soviets must be returned to Japan before giving direct economic support to the Soviet Union. The northern territories issue remains a "difficult question... and an issue of evident and central importance" to security in Asia, he said.

Clark, who has been Canada's external affairs minister for the last five years, also called for increased economic dialogue among Pacific nations. Otherwise, he said "as trade and investment will intensify, so too will the possibilities of conflict."

Clark also put forth initiatives for the Asia-Pacific Economic Cooperation (APEC) Group, including creation of a Standing Committee of economic policy experts and "practical cooperation" between developed and developing economies to help the environment. He added that Hong Kong, Taiwan, and China should be included in APEC, which is holding its second ministerial meeting in Singapore next week. "There is no virtue in exclusivity," he said of the current APEC which also leaves the Soviets on the sidelines. Clark said the Soviet Union should be involved in economic communication within the region.

However, the Canadian foreign minister spoke with caution about China. "The dilemma in policy is how to show disapproval... while avoiding isolation of a quarter of the world's population and continuing to encourage the liberalizing influences of economic development," he said.

Clark said Canada is prepared to approve some World Bank loans to China for "those most in need," but is strongly opposed to any aid that will help the Chinese military or police. He added Canada intends to keep in touch with the Chinese Government with the hope of supporting liberalizing influences.

In response to a question about the recently negotiated Strategic Impediments Initiative between Japan and the United States, Clark said the pact was "fine so long as it respects the multilateral system."

He quipped that since he and Nakayama have met three times on three continents since the beginning of July, "There are no structural impediments to the Canada-Japan relationship."

Clark, in Japan since last Thursday, will fly to Jakarta on Wednesday to attend an Association of Southeast Asian Nations (ASEAN) ministerial meeting.

Kaifu Orders Explanation of Rice Stand to G-5

OW2107193490 Tokyo NHK General Television Network in Japanese 1000 GMT 20 Jul 90

[Text] Prime Minister Kaifu has instructed Yamamoto, agriculture, forestry and fisheries minister, to thoroughly explain Japan's opposition to the liberalization of rice imports when he attends the group of five [G-5] agriculture ministers' talks to open in Ireland on 29 July. Kaifu told Yamamoto to try to gain the understading of the other member nations of Japan's position.

At the meeting, Prime Minister Kaifu said that, at the recent Houston summit, he explained that rice is Japan's staple food and thus the country cannot comply with the proposed liberalization of rice imports. The prime minister said his efforts in this regard resulted in the incorporation in the summit joint communique of the expression of the summit leaders' consideration for Japan's so-called food security theory. He then told the agricultural minister to fully explain this position at the G-5 agricultural ministers' talks.

In reply, Agriculture Minister Yamamoto said that he will do his utmost to gain the understanding of the other member nations on the Japanese Government's position.

JSP Official: DPRK To Accept Delegation

OW2407103290 Tokyo KYODO in English 0946 GMT 24 Jul 90

[Text] Beijing, July 24 KYODO—North Korea is ready to accept a visit later this year by a delegation from Japan's ruling Liberal Democratic Party (LDP) in order to discuss how to improve bilateral relations, a senior Japan Socialist Party (JSP) official said Tuesday.

Powerful LDP politician Shin Kanemaru, a former deputy prime minister, will head the group which will likely visit Pyongyang in September, JSP Vice Chairman Wataru Kubo said.

Kubo visited Pyongyang between Friday and Tuesday as head of a seven-member JSP delegation. Upon arrival in Beijing from Pyongyang, Kubo said North Korea also wants the largest Japanese opposition party to send its own delegation to Pyongyang.

North Korea is seeking an apology from Japan and compensation for its past colonial rule of the Korean Peninsula as well as a willingness to extend economic cooperation. Pyongyang also called on Japan to open satellite telecommunications with North Korea, allow direct flights between the two countries, and eliminate the passport exclusion against Japanese travel to North Korea, Kubo said.

Prime Minister Toshiki Kaifu has expressed his strong desire for improved bilateral relations, saying he wants to enter into talks with North Korea "without any preconditions."

Japan and North Korea do not have diplomatic ties. The JSP, which has close ties with North Korea, has served as the key political link between the two nations.

Soviet Union To Pay Bills for Chemical Imports

OW2307110390 Tokyo KYODO in English 1035 GMT 23 Jul 90

[Text] Tokyo, July 23 KYODO—The Soviet Union has told major Japanese trading houses that it will pay outstanding bills for chemical imports from Japan within July, a move that appears to settle the issue of payment delays, traders said Monday. The notification came early this month from V.A. Rudnev, head of Sojuzchimexport, the Soviet corporation specializing in chemical imports, traders told KYODO NEWS SERVICE.

Outstanding Soviet payments for imports from Japan totaled some 450 million dollars at the end of May, of which nearly half was owed by Sojuzchimexport, according to major trading houses.

Rudnev did not give any specific figure, but said problems have almost been settled to enable payment of "a large part of the outstanding bills," traders said. They said Soviet trade representative in Japan Vladimir P. Pavlov had also given similar indications to the Japanese trading firms and noted that the issue of Soviet arrears on payments for imports from Japan could be resolved at least by the end of September.

Traders said they believe the Soviet move apparently reflects a decision by West Germany to extend 5 billion marks in emergency loans to the Soviet Union, noting that this should help improve dwindling Soviet foreign-exchange reserves.

But some said the Soviet Union may first pay its arrears on trade debts to West Germany and other European nations actively supporting Soviet economic reforms. "It's quite likely that the Soviet Union is giving priority to the Europeans on payments, so payments for the Japanese may not occur until mid-August," an official at one of the trading houses said on condition of anonymity.

Traders agree, however, that trade between Japan and the Soviet Union will not take a favorable turn even if the problem of Soviet payments disappears, adding that basic problems with the Soviet economy remain unresolved.

Exports to the Soviet Union have been on the decline in recent months, a reflection of the Soviet payment problem.

LDP Secretary General Returns From Europe

OW2307122290 Tokyo KYODO in English 1054 GMT 23 Jul 90

[Text] Tokyo, July 23 KYODO—Ichiro Ozawa, secretary general of the ruling Liberal Democratic Party [LDP], who headed a multiparty parliamentary European mission, returned to Tokyo on Monday from West Germany, LDP officials said. Ozawa curtailed his 16-day itinerary to France, Britain and West Germany for two days because of his mother's sudden hospitalization, according to the officials. Ozawa led the 10-member mission to study the electoral systems and the political and economic situations in the three European countries.

Construction Industry Counters Unfair Practices

OW2007230490 Tokyo KYODO in English 1247 GMT 20 Jul 90

[Text] Tokyo, July 20 KYODO—The construction industry has reacted to increased foreign criticism by drawing up proposals aimed at preventing unfair business practices such as dango [collusion] or bid-rigging, industry sources said Friday. The proposals, compiled by the construction industry renewal committee, are intended to encourage central and local governments to overhaul the current restrictive bidding system for public works projects, which the committee sees as a cause of collusion.

The committee, comprising seven construction organizations including the Japan Federation of Construction Contractors, will present the proposals to relevant government bodies after approval at its meeting Wednesday, the sources said.

The proposals, the first of their kind ever made, call for reviews of the joint venture (JV) system promoted by the Construction Ministry and other concerned agencies to protect small-to-medium size construction firms. The JV system, the committee charged, forces would-be bidders to form partnerships with other building companies and thus tends to increase the likelihood of collusion.

The committee also requested authorities scrap a rule in which appointed bidders who fail to participate in bids are excluded from future tenders. Because of this, it said, appointed companies never fail to place tenders, even if they do not want to. Would-be small firms, which cannot win deals on their own, will try to find large, interested construction companies using information gleaned from their available network, another factor prompting collusion, the committee said.

Companies To Continue Investment Abroad

OW2007110790 Tokyo KYODO in English 0804 GMT 20 Jul 90

[Text] Tokyo, July 20 KYODO—Japanese companies are likely to continue buying up foreign assets regardless of currency exchange rates, a move that appears certain to help trim the nation's trade surplus, according to a government-commissioned study released Friday.

The study, unveiled by the Economic Planning Agency (EPA), said exchange rate swings should have little effect on Japanese direct investment abroad because such investment is tied to long-term corporate planning. Many Japanese companies, faced with globalization of their businesses, are now putting priority on moving out of Japan functions for doing business abroad, said the study, the result of analysis of the impact of direct investment on trade and industrial structures. Underscoring that this corporate behavior is motivated by long- term strategies, the study said such investment should produce slow export growth and increased production overseas by Japanese companies, and should help reduce the nation's trade surplus over time.

In the short run, however, investment abroad could serve to boost the nation's trade surplus as corporations tend to export capital goods and parts for overseas production in the initial stages, the study said. But as overseas production gets off the ground with greater procurements of local components, corporate overseas investment appears likely to turn out to be a surplus-cutting factor in the long run, resulting in imports of goods manufactured at Japanese plants abroad, the study said. It is difficult, however, to evaluate by how much such investment will cut the trade surplus, the study said.

The study was prepared by the EPA-sponsored Japan Research Institute based on a survey of 2,000 manufacturers, of which 184, or 9.2 percent responded. The findings come at a time when criticism of Japanese investment is growing abroad against the backdrop of high-pitched growth in Japanese purchases of foreign companies and real estate. Japanese direct investment abroad has grown swiftly, surging 82.6 percent to 22,320 million U.S. dollars in fiscal 1986, 49.4 percent to 33,364 million dollars in fiscal 1987 and 40.9 percent to 47,022 million dollars in fiscal 1988 on a year-to-year basis, according to Finance Ministry figures.

The growth was so fast that the cumulative amount of money spent on foreign plants and other assets in the fiscal 1986-1988 period exceeded the 83,650 million dollars spent over the previous 35-year period, the study said. Analyzing factors behind the surge of Japanese investment abroad, the study said a combination of various developments in recent years had made it easier for the Japanese to acquire foreign assets. For one thing, the yen's appreciation against the dollar since the 1985 Plaza Accord has made acquisitions overseas cheaper in yen terms, it said. The study also cited increases in Japanese land and stock prices in recent years as boosting the value of assets held by Japanese companies, a development that has armed the Japanese with ample liquidity to go on a buying spree of foreign assets.

The foreign investment boom came along with changes in investment patterns, the study said, touching on the increased per-transaction value and the growing weight of financial corporations in overall investment. Japanese companies spent an average 7.41 million dollars per transaction in 1986-1988, roughly four times the figure for 1976- 1980, according to the study. Also, Japanese banks and other financial institutions stepped up investment abroad during the same period, with their share in Japanese direct investment abroad surging to 30.20 percent from 17.89 percent in 1981-1985.

But the study cautioned that statistics now available on Japanese direct investment abroad do not gauge all transactions involving the Japanese as they do not cover those carried out with funds raised abroad. It also pointed out that investment by Japanese companies doing business abroad is not counted as foreign investment by the Japanese. Given these deficiencies, the study said Japanese investment abroad may have been underestimated in the current statistics.

Central Bank Sees Continued Economic Growth

OW2007110990 Tokyo KYODO in English 1003 GMT 20 Jul 90

[Text] Tokyo, July 20 KYODO—Japan's domestic economy will continue "relatively brisk growth" through the current fiscal year, but requires careful control regarding a labor shortage and other inflationary pressures, the Bank of Japan said Friday.

Backed by bullish corporate capital investment and strong personal consumption, Japan's economy is on a strong expansionary track, the central bank said in a quarterly report. Corporate profits remain favorable and the so-called "triple declines" of stocks, bonds, and the yen this spring had a "relatively light" impact on them, the report said.

But a central bank official said the bank is paying keen attention to the persisting labor shortage in the corporate sector. The ratio of job seekers to job offers in May stood at 1.41. The figure has steadily risen in the past months, despite the rapidly increasing numbers of employees, which marked a 3.7 percent year-on-year rise in May for the highest mark since 1983. The swiftly increasing number of women workers, with a 4-5 percent year-on-year rise since last year, have helped the tight manpower situation so far, according to the official.

"The situation is not very serious for the time being, but we feel a close watch is necessary," he added. The central bank quarterly report highlighted such factors as labor shortages and the upward movement of consumer prices, especially service costs. Japan's consumer price index registered a constant 2 percent year-on-year rise in recent months, while domestic wholesale prices remained stable, posting year-on-year rises of between 0.5 percent and 0.7 percent for the past three months.

Economic growth in Japan has, in the past, been supported by stable prices and broad support for maintaining inflation at low levels, it said. Careful monitoring of price movements is still required, it added. The report urged that, in view of the global economic situation, Japan should make further efforts to open its markets and remove restrictions on trade. Concerning the proposed increase in public investment, the report also stressed the need for balanced monetary policies.

Bank: Japanese Firms Invigorate U.S. Economy

OW2007225790 Tokyo KYODO in English 1223 GMT 20 Jul 90

[Text] Tokyo, July 20 KYODO—Japanese firms that have expanded into the United States are contributing to the invigoration of the U.S. economy, according to a report released Friday by the Japan Development Bank.

"Japanese companies have helped to stem the 'hollowing out' or deindustrialization of U.S. manufacturing firms," it said. The findings of the report will likely stir up considerable debate since they question the validity of U.S. moves to beef up restrictions on foreign investment there, analysts said. The report spotlights the automotive industry, in which many Japanese firms in the U.S. are concentrated.

Between 1983 and 1987, the U.S. stepped up its dependence on imports of three items—capital goods excluding cars, automobiles and parts, and consumer goods excluding cars—the report said. Automobiles and parts, however, differ from the other capital and consumer goods in that U.S. reliance on these imported goods has been declining since 1988, the report pointed out. After surging to a high of 34.5 percent in 1987, from 25.9 percent in 1983, the degree of U.S. dependence on imported cars, and parts supplies, fell to 32.6 percent in 1988 and 31.6 percent the following year. The drop in imports was a boon to the U.S. auto industry, it said. U.S. autos accounted for a 76.5 percent share of all auto sales in the United States in 1988, and 77.1 percent in 1989, according to the report. The ratio rose to 78.1 percent during the first quarter of calendar year 1990, reflecting a reversal of the declining trend in sales of U.S. autos. The report said this trend coincides with the full-scale production of cars in the U.S. by Japanese automakers.

"The argument that this does little to improve the trade imbalance, since the drop in finished car imports has been replaced by a jump in imports of parts supplies, is completely off base," the report said. According to the report, 80 percent of Japan's direct overseas investment was channeled into developed countries, of which two- thirds went to the U.S. Japanese overseas investment in plant and equipment is equivalent to 13-14 percent of such domestic investment.

Mongolia

92.4 Percent Go to Polls in Primary Electiohs

OW2407102190 Ulaanbaatar International Service in English 0910 GMT 24 Jul 90

[Text] According to preliminary results of the July the 22d primary elections in Mongolia, 92.4 percent of the total electorate took part in the voting, revealing [as heard] 799 candidates to deputies to the People's Great Hurals. They will run for general elections on July the 29th.

The opposition Mongolian Democratic Party has preserved 68 candidates. The Party of National Progress, 13 candidates, and the Social Democratic Party, 15 candidates. The rest are Mongolian People's Revolutionary Party members and nonparty people. Seven hundred and twenty out of the 799 candidates (?are) intellectuals.

The primary elections have been the first stage of general and municipal elections in Mongolia. The final stage will be held on July the 29th.

Prime Minister Addresses Constituents on Economy

OW2207131790 Ulaanbaatar International Service in English 1445 GMT 20 Jul 90

[Text] Mongolian Prime Minister Gungaadorj has recently been to Omnogobi Province of Mongolia and met with the people in Bayandalai County, which nominated him candidate to deputy of the People's Great Hural. Speaking there, he told the local electorate about the government's efforts aimed to ensure economic recovery. Particular emphasis is given to three-(?pronged) activity, he said. There are technological innovations based on Mongolian raw materials, moving towards a market economy, and price reform. The prime minister said the government will soon present its concept of market economy for Mongolia.

In Mongolia, candidates for deputies to people's hural assemblies have meetings with electors of their respective constituencies, expressing their election platforms. A meeting at 12th Constituency in Ulaanbaatar was attended by the American, British, and Japanese ambassadors, their excellencies Lake, Sprague, and Takase, as observers.

The challengers are renowned reporter and playwright (Bobdorj), state prizewinner Dr. (Borj), both members of the Mongolian People's Revolutionary Party, and presidium member of the opposition Mongolian Democratic Association [Inspiction]. They spoke about their platforms and answered the questions put by the voters.

North Korea

Further Reaction to No's Free Travel Proposal

North Premier Contacts South

SK2307100790 Pyongyang Domestic Service in Korean 0800 GMT 23 Jul 90

[Text] Yon Hyong-muk, premier of the DPRK State Administration Council, today sent a letter respectively to No Tae-u, the South Korean president and president of the Democratic Liberal Party, and Kang Yong-hun, prime minister.

At 1500 today, our side's liaison members conveyed letters to the South Korean side at the conference room of the Neutral Nations Supervisory Committee.

The letters are as follows:

Authorized by the authorities and each political party in our side, I send this letter to you out of a sheer desire to resolve urgent questions in which both the North and the South are interested at present.

As has already been reported, the Committee for the Peaceful Reunification of the Fatherland [CPRF], authorized by the government, political parties, and public organizations of the Republic, on 20 July issued a statement with regard to your side's 20 July special statement.

The statement expressed our side's principled position toward the realization of free visits and full-scale opening between the North and the South and again proposed that the South side pull down the concrete wall and our side remove the wire entanglements.

The statement also raised issues of eliminating judicial elements which serve as obstacles to realizing free visits, of releasing the figures who are detained because of visiting the North, and of taking necessary steps so the pan-national conference slated for 15 August at Panmunjom will be successfully held.

The statement again proposed to urgently hold a consultative conference between the authorities and heads of each political party in which the highest-level officials [choekowikup] of both sides participate to broadly discuss the issues of realizing free visits and full-scale opening between the North and the South.

I believe that our side's proposals are realistic ones that will enable us to open a turning point for national reunification at an early date by resolving the issues of realizing free visits and full-scale opening between the North and the South, which are put on the calendar, in a favorable way for national unity and peaceful reunification of the country.

All Korean compatriots at home and abroad, who are advancing toward the reunification in the nineties by cherishing new conviction and hope, ardently want to contact each other and conduct dialogue by opening the gates for visits this year at any cost by freely visiting the North and the South.

At this time, our responsible politicians should deservedly make a courageous political decision to take a great step toward national unity and reunification by removing the mutual distrust and misunderstanding which have been accumulating for 45 years.

It is an important issue for expediting the national reunification at present to open the path for free visits and full-scale opening between the North and the South. This issue is a burning question to which both sides equally attach significance and in which both sides are interested. Your side already has expressed the intention of welcoming free visits and full-scale opening.

I firmly believe that under this condition, our two sides certainly will be able to resolve this question if we truly stand on the position for national reconciliation and unity.

As we already have clarified, to realize free visits and full- scale opening, all barriers which serve as an obstacle to this should be removed above all and as soon as possible. Such barriers are none other than the concrete wall built in the South side's areas in the military demarcation line [MDL] and judicial factors, including the National Security Law which assumes even contact between fellow countrymen is a crime.

As long as there are such physical and judicial obstacles which practically exist and are sternly blocking the contact and visits, free visits and full-scale opening between the North and the South never can be realized [tojohi silhyondoelsu optta]. We recognize that even your side cannot deny this.

When your side put forward a plan for national exchange, your side said you will open the gate in the South side at Panmunjom only for five days before and after 15 August. How can you, with such a step, realize the explosive desire for visits and meetings of 70 million fellow countrymen, who have been living separately for 45 years?

For the realization of free visits and full-scale opening, the gates of the North and the South should be completely opened so the people can freely visit at any time without time limit through all 600-ri long districts extending from the East to the West, instead of designating a narrow one-way route and setting a time limit.

We think your side, which even expressed a belated response to our proposal for realizing free visits and full-scale opening, has no reasons for limiting the route and time of visits, nor has any ground for disliking unlimited opening of the gate.

The door for visiting North and South should be widely opened always and throughout all areas along the MDL. The sooner such steps that provide a turning point on the road of national reunification are taken, the better.

Proceeding from this standpoint, we already have proposed that your side pull down the concrete wall in the South side's area from 1 to 12 August and that wire entanglements in the North side's areas be simultaneously removed, and as a joint organization for this, a North-South joint promotion committee for abolishment of barriers of division be formed.

To extensively discuss the issues of free visits and full-scale opening between the North and the South, including the issue of removing the concrete wall and wire entanglements and of forming a joint committee, we urged your side to urgently conduct a consultative conference between the authorities and heads of each political party in which the highest-level officials of the North and the South participate.

Regarding this, we politely propose the working- level contact between the authorities and representatives of each political party in the North and the South be conducted at an early date. We will dispatch four delegates, who are authorized by the authorities and political parties of the Republic, to the conference room of the NNSC [Neutral Nations Supervisory Commission] at Panmunjom at 1000 on 27 July.

Our proposal this time includes a lofty aspiration to give the joy of free visits and meeting at any cost to fellow countrymen who have lived separately for nearly a half century and give them bright hope for national reunification.

Your side's attitude toward our proposal will show your position on national unity and national reunification to home and to the world and will receive the attention of all fellow countrymen.

We expect you will prudently treat our proposal and send an affirmative reply.

[Signed] Yon Hyong-muk, premier of the DPRK State Administration Council
[Dated] 21 July 1990

ROK Opposition Contacted

SK2307124490 Pyongyang Domestic Service in Korean 0800 GMT 23 Jul 90

[Text] Yon Hyong-muk, premier of the State Administration Council of the DPRK, today sent a letter respectively to Kim Tae-chung, president of the Party for Peace and Democracy, and Yi Ki-taek, president of the Democratic Party of South Korea.

At 1500 [0600 GMT] today, our side's liaison officers delivered the letters to the South Korean side in the conference room of the Neutral Nations Supervisory Commission at Panmunjom.

The letter reads:

Authorized by our side's authorities and political party heads, I am sending this letter to you out of the desire to resolve pending issues involved in achieving the reunification of the fatherland ahead of schedule.

As has already been reported, on 20 July, the Committee for the Peaceful Reunification of the Fatherland [CPRF], issued a statement authorized by the Republic's government, political parties, and organizations, in relation to the announcement by the person in authority of your side to designate five days, from 13 to 17 August, as a period of national exchange.

The statement elucidated our side's principle position in positively resolving the fundamental issues that arise in realizing free visits and full-scale opening between the North and South and proposed that the South side pull down the concrete wall; remove the wire entanglements of our side; and to realize this, form a North- South joint committee for the promotion of the dismantlement of the barrier of division.

The statement requested that the South Korean National Security Law be abolished, as it is a barrier to visits between the North and South; that to confirm the authorities concerned of your side's intention for free travel, figures who had visited the North be released; and that the pan-national conference which is drawing near not be obstructed.

The statement ended, by urging once again that to hold full-dress negotiations on the issue of realizing free visits and full-scale opening between the North and South, a top-level conference in which the heads of the authorities and leaders of each political parties of the North and South take part be immediately convened.

These kinds of proposals by us are realistic and active measures to resolve the issue of free travel and full-scale opening between the North and South, and they have been placed on the agenda to the advantage of national unity and the nation's peaceful reunification.

With the goal of realizing the cause of reunification in the nineties, of not exceeding half a century of division, at all costs in our country today, all Korean compatriots at home and abroad are vigorously carrying out the reunification movement on a pan-national scale.

Our politicians of the North and South must deeply consider this strong desire and will for the reunification of the fatherland by the people, make every effort to realize the cause of reunification in advance, and carry out all noble missions put forth before the nation.

At this time, the most responsible task put before our politicians is to pull down the barrier of division and open the road of free travel and full-scale opening between the North and South so that the cause of the nation's reunification can be achieved ahead of schedule.

As the world officially recognizes, the barriers of division in our country are the concrete wall built on the south side of the military demarcation line and the South Korean National Security Law, which regards visits and contacts between the compatriots and brothers as criminal.

If these kinds of physical and political barriers are left alone, free visits and full-scale opening between the

North and South, which accords with national desire, cannot be realized at any time.

For all their talk about free travel and full-scale opening, however, the South side's authorities deny the concrete wall exists and are unwilling to pull it down and abolish even the anti-reunification National Security Law.

We cannot but doubt their approach to full-scale opening and free visits, in view of the fact they announced in their offer for national exchange that they would open the one-way passage at Panmunjom alone for just five days and then close the doors again.

It was precisely because of this doubt that we demanded through the 20 July statement of the CPRF that the official stand be clarified to abolish the National Security Law, release the detainees who had visited the North, and refrain from obstructing a pan-national conference.

As you know well, too, to realize free visits and full-scale opening is the irresistible demand of all the fellow countrymen who live separated now for nearly half a century.

Reflecting this urgent demand of the nation, we, in the statement of the CPRF, proposed to the South side to remove the concrete wall in the South side's area and the wire entanglements in the North side's area at one and the same time from 1 to 12 August to come and form a North-South joint committee to promote the removal of the barriers of division as a joint body for the purpose.

We urged the South side to accede to our proposal to convene at an early date a North-South top-level conference in which the heads of authorities and leaders of the political parties take part, a proposal we already have advanced to discuss and solve in a comprehensive way the questions of realizing free visits and full- scale opening between the North and the South, including this question.

Considering it necessary to have working-level contacts between representatives of the authorities and political parties in the North and the South at an early date, I, in this regard, politely propose your party share the seats in these contacts.

We are of the opinion it will be convenient to have these contacts on 27 July, so four working delegates who are authorized by the authorities and political parties of the Republic will be sent to the conference room of the NNSC at Panmunjom at 1000 that day.

The proposal we made this time includes the lofty aspiration to give the joy of free visits and meetings at any cost to the fellow countrymen who are suffering misfortunes and pains caused by division and to give them bright hope for reunification.

We hope you will seriously study our proposal and show an affirmative response to it.

[Signed] Yon Hyong-muk, premier of the DPRK State Administration Council
[Dated] 21 July 1990

ROK Meeting Refuted

SK2407021590 Pyongyang Domestic Service in Korean 2100 GMT 23 Jul 90

[Statement by a spokesman for the Committee for the Peaceful Reunification of the Fatherland (CPRF) released in Pyongyang on 24 July—read by announcer]

[Text] During the 23 July joint news conference by the minister of the National Unification Board, the minister of justice, and the minister of national defense, the South Korean authorities released the so-called follow-up measures on the proposal for national exchange, which they advanced on 21 July [as heard]. When we examine what was said during the news conference, it was not a follow-up measure, but rather a clumsy response to the 20 July statement of our CPRF.

During their news conference, after laying aside their unrealistic proposal for national exchange for now, the South Korean authorities turned their attention to many of our principled and prerequisite problems raised by our side. Even though we consider this as a step forward, we think that it is most regrettable that they put forth one unreasonable excuse and precondition after another and totally rejected our proposal by shallow tricks.

First of all, as for the pan-national meeting, they openly showed an attempt not to realize the meeting but to frustrate the convening of a historic meeting under unreasonable conditions. The people in authority in South Korea said that not only the National Democratic Alliance [Chonminnyon] but all walks of life in South Korea must be allowed to participate in the pan-national meeting. We do not know when they, who had always insisted on the single channel of dialogue, began to insist that the pan-national meeting be attended by all walks of life. Does this mean they have given up their trademark known as single channel of dialogue?

Our pan-national meeting was originally aimed at providing an arena of national dialogue to be attended by all walks of life that aspire for reunification. It is irrelevant for the South Korean authorities to reiterate this. Also, in reality, not only the Chonminnyon, the side which proposed this meeting, but also people of all walks of life in the North and overseas have prepared for the meeting. Moreover, who is allowed to participate in the pan-national meeting is a matter for the side which organizes the pan-national meeting to decide on, and the preliminary contacts have already examined the qualifications of those who can participate in the meeting and have already decided on who can participate in the meeting.

It is clear why those—who are not the organizers of the meeting and who, while considering this meeting as a thorn in their side, have hindered the meeting using all sorts of mean tricks—suddenly say now that all walks of life must participate in the meeting. Because they have not been able to openly hinder the pan-national meeting any further, in the name of the participation of all walks of life, they are trying to send ultra-rightist reactionary organizations and divisionists to this meeting, thus complicating and frustrating it. This attempt by the South Korean ruling bunch is a foolish act like sending gangsters to a planned banquet at another person's house to turn the banquet table upside down.

What we cannot overlook, in particular, among the South Korean authorities' demands on the pan-national meeting is the fact that they put forth a so-called maintenance of equilibrium, thus rejecting No Tae-u's previous special announcement. In the 20 July special announcement, he said he will unilaterally allow mutual visits via Panmunjom even though the North side may not accept his proposal. On that very day, however, the minister of the National Unification Board said if the North does not accept their proposal, they will not allow the Chonminnyon to participate in the pan-national meeting, and during this news conference, they made it clear the exchange of personages is possible only when the North agrees to it to maintain equilibrium. This shows that the so- called unilateral measure by the person in authority in South Korea is a lie and a falsehood and that the so-called proposal for national exchange is a plan to frustrate the pan-national meeting.

At the news conference, the South Korean people in authority also assumed the attitude of totally refusing the issues that we proposed of abolishing the National Security Law and releasing the figures who have been imprisoned on charges of visiting North Korea, saying these issues are obstacles to exchange between the North and the South. We cannot but be disappointed at the fact such preposterous utterances were made by the very person called the minister of justice.

How can the person called the minister of justice—who has detained, tried, and punished by means of the National Security Law those who visited the northern half of the country for the country's reunification—dare to say the National Security Law is not an obstacle to exchange and travel between the North and the South? If the National Security Law, in actuality, is an obstacle to exchange and travel, why did the Ministry of Justice itself take the trouble to announce that only during the five-day period of national exchange will people not be punished, even if they violate the National Security Law, and why did the minister of justice himself say the National Assembly is discussing the issue of revising the law?

However the people in authority in South Korea may try to cover up the antireunification essence of the National Security Law, they will not be able to deny the reality in which the South Korean people unanimously say that they cannot visit the North even if they wish to for fear of the National Security Law, even if national exchange is realized after the special announcement.

Speaking of our situation, we do not have such a law as the National Security Law, which opposes the same nation and regards contact and exchange with the same nation as a crime, nor do we have the so-called patriotic figures seeking reunification who have been arrested and imprisoned. Therefore, all the people in authority in South Korea have to do is, by themselves, abolish the National Security Law that they made and release the figures who visited the North, the figures who they themselves imprisoned. Accordingly, holding a so-called meeting between the persons in authority of judicial affairs of the North and the South is not necessary from the beginning.

Talking about meeting and the like, linking them with us who have nothing to do with them, is nothing but a trick designed to avoid responsibility.

The person called the minister of national defense again this time denied the existence of the concrete wall and preposterously claimed there is a wall on our side. This is indeed nonsensical and preposterous. Whether or not there is a concrete wall in the area south of the military demarcation line has become an issue which has no need for further argument. The existence of the concrete wall built by the South Koreans in authority already has been officially recognized by the world and has become an object of denounciation and condemnation.

For the people in authority in South Korea—who, when we proposed conducting joint investigations of the concrete wall, refused the proposal without reason and who, when an international investigation team asked for entry into South Korea, refused it—to now come up with the issue of joint investigations cannot be interpreted as anything other than a burlesque show. Moreover, coming up with a preposterous precondition which calls for conducting joint investigations in the area of our side, too, under the pretext of the so-called maintaining of equilibrium indeed is a too brazen-faced act. A concrete wall exists only in the area of the South. Despite this hard fact, how on earth can they talk about the principle of equilibrium and the like?

Such a far-fetched assertion by the people in authority in South Korea is nothing but a cunning trick designed to evade efforts to solve the concrete wall issue. There is nothing in our area which should be investigated or confirmed. The problem is the South side pulls down the concrete wall by itself, which is a patent fact, and, therefore, there is no need to make North-South contact for joint investigations.

The joint news conference by the three ministers again confirmed the South side's stand on leaving everything untouched that hinders free North-South visits and totally opening up and for continuously living confronted and divided. Also, in the news conference, they disclosed to the world their vicious ulterior motive of not realizing even a small exchange, let alone a grand exchange, on 15 August.

Today, even though they have no intention of realizing an exchange and mutual travel, to do something, the people in authority in South Korea suddenly talk about a grand exchange and participation from all walks of life and loudly propagandize this. This is a clumsy stopgap to resolve serious internal political uneasiness and crisis in their rule. Using this stopgap, the people in authority in South Korea are trying to make fools of the South Korean people, deceive world public opinion, and use the North-South security relations for their regime. This is an unforgivable antinational crime of making mockery of the reunification issue, an issue that is related to the life and death of the nation.

Even though the people in authority in South Korea put forth unreasonable and sinful conditions, from the perspective of national reconciliation and unity, we are willing to magnanimously consider the issues raised by them. Even though the people in authority in South Korea, up until yesterday, had hindered the pan-national meeting by any and all means, if they want to participate in it, we, too, will willingly join them. If they are to honorably participate in the pan-national meeting, as decided at the preliminary meetings for the pan-national meeting on the qualification of participants, they must make it clear they oppose division, aspire for reunification, and support the three principles for the reunification of the fatherland—independence, peace, and greater national unity. In addition, if they are to join members of the Chonminnyon, the National Council of University Student Representatives, and other dissident organizations in South Korea, the people in authority in South Korea must release all the members of these organizations who were arrested and detained for demanding reunification.

As long as they support the pan-national meeting and participate in it, the people in authority in South Korea must not hinder it and must positively guarantee all the matters to be raised in preparing for and holding this meeting and must cooperate in doing so. Also, in connection with the concrete wall, we make it clear we are willing to jointly discuss the proposal by the South Korean authorities. To this end, we hope that, as we already have proposed, the South side comes to the working-level contact on 27 July designed to convene a consultative conference to be attended by the highest-level persons of the North and South.

Abolishing the National Security Act and releasing people who visited the North is today an issue for which a solution cannot be delayed any longer, when we must bring an end to the era of confrontation and must usher in the new era of mutual visits, contacts, and unity at the earliest possible date. Instead of trying to bargain with us over this issue, the South Korean authorities must resolve it by making a resolute decision by themselves and, in this way, must truly manifest their will for national unity and reunification in deeds.

The flow of history toward reunification in no way can be stopped by shallow schemes and tricks by the people in authority in South Korea. Irrespective of whether the people in authority in South Korea want it or not, the door to free mutual visits and total opening up will be opened in our country by the people who want reunification. We do not want the people in authority in South Korea to be isolated and discarded, or left behind by this powerful flow of national history.

Instead of dealing with the North-South relations and the reunification issue from a confrontational perspective using schemes and tricks, the people in authority in South Korea must sincerely deal with them from a national standpoint. Also, instead of seeking their own factional interests, they must first think of the earnest desire of the seven million people who yearn for reunification.

[Dated] 24 July 1990

CPRF Spokesman on Exchange

SK2407044690 Pyongyang KCNA in English 0418 GMT 24 Jul 90

[Text] Pyongyang July 24 (KCNA)—No Tae-u at the "extraordinary cabinet meeting" in Chongwadae on July 21 said that the North refused to accept his "inter-Korean exchange proposal" on account of the problems of removing the concrete wall built in the area south of the military demarcation line, abolishing the "National Security Law" [NSL] and releasing the persons who visited the North, but such conditions can be gradually discussed through consultation, according to a "CBS" [Christian Broadcasting System] report from Seoul.

The spokesman of the Committee for the Peaceful Reunification of the Fatherland, asked by a reporter of the Korean Central News Agency what is meant by the claim of the South Korean chief executive that such conditions as the demolition of the concrete wall and the abolition of the "National Security Law" can be gradually discussed through consultation, said as follows:

As everyone knows, the South Korean authorities have so far denied the existence of the concrete wall in the area south of the military demarcation line and kept the anti-reunification nature of the "NSL" from the public.

The claim of the South Korean chief executive at the "Chongwadae extraordinary cabinet meeting" that the removal of the concrete wall and the abolition of the "NSL" can be discussed means that for the first time he recognised the existence of the concrete [wall] before the world people and he officially admitted that the "NSL" is a stumbling block in the settlement of the questions of national reunification and of North-South relations.

As he officially admitted that the existence of the concrete wall and of the "NSL" and the arrest of the persons who visited the North are an obstacle to free travel between the North and the South, he has nothing to consult and discuss these questions with someone, dragging on time, but should pull down the concrete wall without delay, abolish the "NSL", the anti-reunification evil law, at once and unconditionally and immediately release those who visited the North, the envoys of reunification, for free travel and complete opening between the North and the South. Only then all the questions will be solved smoothly.

If the South Korean chief executive really wants free travel and complete opening between North and South for the reunification of the country, he should not confine himself to the admission but bring it into practice such as removing concrete wall and the evil law.

We will follow the follow-up move of the South Korean authorities.

Chongnyon Urges ROK Response

SK2407050290 Pyongyang KCNA in English 0441 GMT 24 Jul 90

[Text] Tokyo July 23 (KNS-KCNA)—The Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon) in a statement Monday stressed that it fully supports and welcomes the recent statement of the Committee for the Peaceful Reunification of the Fatherland and strongly demands that the South Korean authorities affirmatively accept the realistic and reasonable proposal of the DPRK for free travel and complete opening with sincere national position.

If free travel and complete opening between the North and the South are to be realised, the statement says, it is necessary to pull down the concrete wall, remove such political barrier as the "National Security Law" and release Rev. [Reverend] Mun Ik-hwan and his companion, woman student Yim Su-kyong, Father Mun Kyu-hyon and Japan-born political prisoners in South Korea.

It is not accidental that the South Korean person in authority made the "special announcement" all of sudden, while shunning such basic question, the statement notes, and continues:

It is nothing but a deceptive propaganda aimed at frustrating the August 15 nationwide conference which will be soon held amidst great interest and expectations of all the fellow countrymen at home and abroad appeasing public opinion at home and abroad calling for the demolition of the concrete wall and free travel and complete opening between the North and the South, which is growing stronger with each passing day, diverting elsewhere the attention of the South Korean people from the crisis of the "National Assembly" caused by the high-handedness of the "Democratic Liberal Party" and defusing political crisis.

Noting that if the South Korean chief executive's talk about travel and opening between North and South is true, he must not keep the "Coalition for National Democratic Movement", the "National Council of Student Representatives" and the South Korean people from all walks of life from participating in the nationwide conference but guarantee their participation in the conference without fail, [and] the statement expresses the determination to make all possible efforts to successfully convene the August 15 nationwide conference.

No's Proposal 'Deceptive'

SK2407101090 Pyongyang KCNA in English 1000 GMT 24 Jul 90

["Crisis Cannot Be Overcome With Clumsy Tactics"—KCNA headline]

[Text] Pyongyang July 24 (KCNA)—No Tae-u in his "special announcement" said the door would be opened only at Panmunjom and only for five days though he claimed he was suggesting full-scale open doors for free travel of people between the North and the South. NODONG SINMUN today brands this as a virtual denial of free travel and full-scale opening.

The news analyst says:

This also shows that the South Korean chief executive's "proposal for free travel and exchanges" is not aimed at realising them but at blocking free travel and full-scale opening under the pretext of "accomodation" of their restricted, time-limited and infeasible proposal.

He put forward the deceptive "proposal for exchanges" with the criminal intention to tone down the demand of the domestic and foreign public opinion for the dismantlement of the concrete wall, free travel and complete opening between the North and the South and foil the Panmunjom nationwide conference.

The No Tae-u group peddled the infeasible "proposal for exchanges" as a stopgap measure to divert elsewhere the attention of the South Korean people from the "National Assembly" crisis caused by the high-handedness of the "Democratic Liberal Party" and bridge over the political crisis.

No clumsy tactics can help overcome the crisis. The South Korean authorities must pull down the concrete wall, abolish the "National Security Law," release the messengers of reunification and refrain from blocking the nationwide conference slated for August 15 at Panmunjom.

Yun Ki-pok To Send Message

SK2407040090 Pyongyang Domestic Service in Korean 0300 GMT 24 Jul 90

[Telephone message from Yun Ki-pok, chairman of the North side's preparatory committee for the pan-national meeting, addressed to South Korean Prime Minister Kang Yong-hun on 24 July—read by announcer]

[Text] To ROK [taehanminguk] Prime Minister Kang Yong-hun

To deliver to you a letter related to the issue of the participation of the North side's delegation in the second preliminary meeting scheduled to be held in Seoul on 26 July to prepare for the pan-national meeting, I will send two officials of the North side's preparatory committee for the pan-national meeting to the conference room of the Neutral Nations Supervisory Commission in Panmunjom at 1000 on 25 July, Wednesday. I hope that your side will take a corresponding measure.

[Signed] Yun Ki-pok, chairman of the North side's preparatory committee for the pan-national meeting
[Dated] 24 July 1990

Phone Message to South's Kang

SK2407055390 Pyongyang KCNA in English 0541 GMT 24 Jul 90

[Text] Pyongyang July 24 (KCNA)—Yun Ki-pok, chairman of the North side preparatory committee for the nationwide conference, today sent a telephone message to Kang Yong-hun, "prime minister" of South Korea.

Noting that two officials of the North side preparatory committee for the nationwide conference would be sent to the conference room of the Neutral Nations Supervisory Commission at Panmunjom at ten A.M. July 25, 1990 (Wednesday) to convey a letter addressed to the South Korean "prime minister" concerning the participation of the North side delegation in the second preliminary meeting for preparations for the nationwide conference slated for July 26 in Seoul, the message asked the South side to take a corresponding measure.

Yi Song-ho Contacts Counterpart

SK2407070990 Pyongyang Domestic Service in Korean 0613 GMT 24 Jul 90

[Telephone message sent by Yi Song-ho, acting chairman of the Central Committee of the DPRK Red Cross Society, to Kim Sang-hyop, president of the South Korean Red Cross, at 1400 (0500 GMT) on 24 July—read by announcer]

[Text] To Kim Sang-hyop, president of the Korean National Red Cross:

I cannot repress from disappointment upon receiving your telephone message of 24 July [as heard]. The reason the North side's preparatory committee for the 15 August pan-national conference decided to send a letter to your side's National Democratic Alliance of Korea [Chonminnyon] is because we are the concerned parties that have directly initiated and promoted this conference, and because the date of the conference is imminent. When considering this, it is very just to send a letter to your side, and there is no need for a third party to interfere here at all.

Nevertheless, your Red Cross Society had in the past refused to deliver our letter to your side's organizations, including Chonminnyon. However, we cannot understand at all your intention to go to Panmunjom to receive our letter on behalf of Chonminnyon.

If your side has no intention of obstructing the pan-national conference, which is being promoted with great expectations and in the interest of the compatriots at home and abroad, I once again urge to your side to do your best to enable the Chonminnyon representative to receive our letter from Panmunjom at 1500 [0600 GMT] today, as we already have notified your side.

[Signed] Yi Song-ho, acting chairman of the Central Committee of the DPRK Red Cross Society
[Dated] 24 July 1990

Meeting's Delegates Listed

SK2407085490 Pyongyang Domestic Service in Korean 0823 GMT 24 Jul 90

[Text] The North side's preparatory committee for the pan-national meeting has made public the list of the North side's delegates to the second round of preliminary contact for preparing a pan-national meeting 26 July in Seoul.

The North side's delegates are:

1. Chon Kum-chol, deputy chairman of the North side's preparatory committee for pan-national meeting.
2. Son Chong-chol, member of the North side's preparatory committee for pan-national meeting.
3. Cho Sang-ho, member of the North side's preparatory committee for pan-national meeting.
4. Kim Tong-kuk, member of the North side's preparatory committee for pan-national meeting.
5. (Kang Chi-yon), member of the North side's preparatory committee for pan-national meeting and university student.

DPRK Letter to Chonminnyon

SK2407093090 Pyongyang Domestic Service in Korean 0714 GMT 24 Jul 90

[Text] In regard to sending the North side's delegation to the second preliminary contacts for the preparations of the pan-national conference, scheduled for 26 July in Seoul, the North side's preparatory committee for the pan-national conference at 1500 today sent two officials of that committee to the conference room of the Neutral Nations Supervisory Commission at Panmunjom to directly deliver a letter from the chairman of the North side's preparatory committee for the pan-national conference to the South Korean National Democratic Alliance of Korea [Chonminnyon].

The South Korean side, however, did not send the Chonminnyon representative to the conference room of the Neutral Nations Supervisory Commission at Panmunjom as scheduled.

It was not possible, therefore, for our side to deliver the letter by the North side's preparatory committee for the pan-national conference to Chonminnyon as planned.

Thus, considering that the date for the second preliminary contacts for the preparations of the pan-national conference is near at hand, it now is necessary for the

North side's preparatory committee for the pan-national conference to deliver the letter to Chonminnyon by way of broadcasting.

The letter reads:

To Chonminnyon:

With the noble purpose of eliminating the misfortune of national division and achieving the historic cause of reunification of the fatherland, I send warm greetings of brotherly love to your organization for initiating the convocation of the pan-national conference and making efforts in all fields to realize this.

At the first preliminary contacts for the pan-national conference, conducted in Berlin not long ago, your organization decided to conduct the second preliminary contacts on 26 July in Seoul. I recognize this once again displays to the people at home and abroad the will to realize the pan-national conference at any costs, and I welcome this.

Chonminnyon initiated the pan-national conference two years ago. With active response from the people at home and abroad, its preparatory work is near the final stage.

Some forces who do not want the nation's reunification are trying to use the pan-national conference to disrupt, confront, and prevent the successful holding of the conference. But the national heated atmosphere for reunification and the ardent desire of the whole nation to conduct the pan-national conference without fail cannot be crushed.

When the second preliminary contacts for the pan-national conference are held on 26 July in Seoul, and when working-level issues regarding the conference finally are decided, the 15 August pan-national conference without doubt will be a great festival of the nation, which once again will solidify the strong will of the nation to achieve reunification in the nineties.

The successful holding of the pan-national conference will be a great victory for Chonminnyon, which initiated this conference and is making a sincere and faithful effort toward its realization. This also will be a noteworthy event in the history of our nation's reunification movement. On the other hand, it will bring about a great blow to the forces that monopolize discussions for reunification and dialogue and pursue division.

I inform you I will send five delegates from our side to the second preliminary contacts for the pan-national conference, which will show the people at home and abroad the nation's firm faith in achieving the nation's reunification according to the three principles of self-dependence, peaceful reunification, and great national unity. I truly anticipate the success of this gathering, which will be the first meeting between Chonminnyon and ourselves.

[Signed] My respects, Yun Ki-pok, chairman of the North side's preparatory committee for the pan-national conference
[Dated] 23 July 1990

Further on 456th MAC Meeting in Panmunjom

SK2407062490 Pyongyang Domestic Service in Korean 0700 GMT 23 Jul 90

[Report filed from Panmunjom by reporters Kim Myong-sam and Han Kang-tok]

[Text] The 456th meeting of the Military Armistice Commission [MAC] was held in Panmunjom on the morning of 23 July at the request of our side.

At the meeting, our side proposed to the U.S. side that urgent measures be taken for North-South dialogue and for the relaxation of tension, and demanded that negotiations for such measures be undertaken.

Major General Choe Ui-ung, our side's senior member, spoke first at the meeting.

[Begin Choe Ui-ung recording] Our side has called for the convocation of this meeting to discuss practical measures to ease tension and create favorable conditions for North-South dialogue and reunification.

As all people know, the move toward detente and negotiation is the trend of the world today. Easing tension and realizing peace and peaceful reunification on the Korean peninsula are urgent tasks that must not be delayed any longer.

Proceeding from such a realistic demand, some time ago our Republic's government put forward a five-point policy for the reunification of the fatherland in a bid to ease the tense situation on the Korean peninsula and reunify the fatherland. To realize this policy, our government put forward a new disarmament proposal. In addition, to promote dialogue and negotiations for reunification, we took the initiative of opening our side's area in Panmunjom beginning 15 August.

This is another epoch-making proposal to ease tension on the Korean peninsula and to achieve a decisive breakthrough for the reunification of the fatherland. In addition, this is the clear-cut expression of our earnest and sincere efforts to settle questions through dialogue and negotiations.

You, however, have rejected our peace proposals and efforts. Furthermore, recently, you have further reinforced your armed forces in South Korea and have frequently conducted war exercises, thereby making the situation more tense on the Korean peninsula. Such activities run counter to the tenor of the times for detente and dialogue. They also run counter to our intention and efforts to realize disarmament and guarantee peace on the Korean peninsula.

In particular, today, when North-South dialogue, which had been suspended for a long time, is being held again and when the people at home and abroad, who desire reunification and peace, are unprecedentedly raising their voices, the reinforcement of armed forces and the continuation of war exercises are anachronistic acts.

All Korean people at home and abroad, full of bright hope for national reunification, sincerely want the North-South dialogue to be successfully held and to come to a good fruition.

Under these circumstances, both sides of the MAC should take positive measures which will be substantially helpful to relaxing tension, to North-South dialogue, and to reunification.

This is absolutely reasonable both in view of the Armistice Agreement, which aims at peacefully settling the questions concerning Korea, and in view of the mission and duty of the MAC, which aims at easing tension, preventing the reoccurrence of a war, and contributing to dialogue and reunification.

If the MAC ignores detente, dialogue, and reunification even today, then the MAC cannot avoid denunciation from all Korean people and peace-loving people of the world. The MAC should take substantial measures helpful toward relaxing tension and for dialogue aimed at reunification.

First of all, our side acknowledges it is necessary for both sides of the Armistice Agreement to fully ensure the activities and security of the representatives of all walks of life, overseas fellow countrymen, journalists, and other visitors who visit Panmunjom from the North and South for dialogue and reunification. It also is necessary to take measures helpful to the full-scale opening between the North and South.

Many people will visit Panmunjom for dialogue and reunification. At the same time, compatriots of the North and South and abroad will meet together in Panmunjom on 15 August this year on the 45th anniversary of the fatherland's liberation and conduct the pan-national meeting to dispel misunderstanding and distrust between the North and South, achieve national reconciliation and unity, and accelerate reunification. The MAC should settle in a responsible manner the question of guaranteeing their freedom of activities and safety.

In July 1989, when questions regarding the activities in Panmunjom of those participating in the International Peace Grand March and the passage through Panmunjom of Yim Su-kyong, who had attended the Pyongyang festival as a representative of the National Council of University Student Representatives, were raised, your side reinforced its armed forces in the Joint Security Area [JSA] and aggravated tension. Undesirable incidents against the other side took place in the course of North-South dialogue and during the visits to the other side. This was entirely because the MAC did not take proper measures.

We, both sides, should take thorough measures to prevent such incidents from reoccurring.

Next, to ease tension on the Korean peninsula and support North-South dialogue, the reinforcement of armed forces and the continuation of military exercises, which threaten the other side, must be stopped. The reinforcement of armed forces and the continuation of military exercises block reunification on the Korean peninsula and can put dialogue itself in danger.

Dialogue was suspended in the past because of your side's war exercises, such as "Team Spirit." This fact teaches us a serious lesson. We, both sides, should take urgent measures to stop reinforcing armed forces and conducting large-scale military exercises which threaten detente and dialogue.

We think these are the matters our two sides of the MAC should urgently settle to relax tension and realize North-South dialogue and reunification.

In this context, I propose our two sides take the following steps:

Urgent steps which should be taken for North-South dialogue and for easing tension:

1. To successfully guarantee the pan-national meeting and dialogue for reunification, both sides should withdraw all weapons and armed personnel and should remove military facilities, including outposts, fortresses, and camps from the area of the MAC headquarters and from the JSA in Panmunjom.
2. Both sides should guarantee conveniences in all activities of the North-South joint promotion committee for pulling down the barrier of division, which will be formed to remove the concrete wall—the symbol of division and confrontation, and the barbed wire in the Demilitarized Zone and surrounding areas.
3. Both sides should stop reinforcing armed forces and conducting large-scale military exercises which run counter to dialogue and reunification.

These are our side's proposals. We request that all these measures be taken before 15 August.

I will now hand over to your side the document containing the contents of our proposal.

If the new measures proposed by us are taken, then freedom of activities and the safety of the authorities, representatives of political parties, and overseas fellow countrymen—who would visit Panmunjom to participate in the North-South talks or for reunification—can be reliably guaranteed. This will have a positive influence on relaxing tension, bringing about reunification and dialogue, and also will contribute to removing the barrier between the North and South and realizing the fatherland's reunification.

Since you, too, have expressed interest in North-South dialogue and talked about easing tension and developing trust, we think our proposal can be a basis for true negotiations in today's meeting.

Let us now enter into negotiations. [end recording]

Maj. Gen. Choe Ui-ung, senior member of our side, laid bare the facts that the U.S. side, while running counter to North-South dialogue and easing tension, is aggravating the situation on the Korean peninsula by beefing up its forces of aggression in South Korea and frequently staging war exercises.

The U.S. side recently has become more feverish than ever in beefing up its armed forces. Last 8 June, the U.S. side brought two F-16 up-to-date fighter-bombers equipped with ultramodern night navigation systems into Osan [Air] Base in South Korea for deployment, and it is scheming to continue the introduction of such fighters into South Korea.

The fact South Korea has become the first overseas base where the fighter-bombers are deployed after their improvement shows the intensity of the effort the United States places on military buildup in South Korea.

This year the United States also has brought 120 M-1 new-type tanks into South Korea and currently is scheming to bring in F-18 up-to-date fighters, AIM 7-M missiles, ground-launched cruise missiles, and all kinds of up-to-date arms and equipment.

The U.S. side, meanwhile, also is frequently staging adventurous military exercises. On 10 July alone, by mobilizing in a row about 550 aircraft of all kinds, including F-16, F-4, F-5, and A-37 fighter-bombers, and many formations of assault aircraft, which were brought in from its overseas bases and including fighter-bombers of the South Korean puppet forces, the U.S. side, in the skies over Kongju, Oeyon Island, and Kunsan areas, staged the exercise of attacking ground objects, postulating a surprise attack against our side.

Coinciding with this air assault exercise, the South Korean puppet forces brought a mass of infantrymen, tanks, and artillery pieces to the area close to the Demilitarized Zone and became feverish in staging exercises of assault aimed at northward invasion, such as the river-crossing, guerrilla, combined field artillery, infiltration, and command-post mobile exercises.

The U.S. side is openly saying it would continue the "Team Spirit" joint military exercise next year as well.

Saying the situation is not developing along with the advancing North-South dialogue and tension is not being eased but confrontation and the danger of war are further deepening, because of such military buildup and military exercises by the U.S. side, the senior member of our side branded the U.S. side as totally responsible for the acute tension that persists on the Korean peninsula.

In addition, saying we cannot but think it serious that the enemies carry out military buildup and stage the commotions of [illegible] in South Korea when we have put forth a new disarmament proposal and when the high-level North-South talks as well are in sight, the senior member of our side emphatically added that such maneuvers must be duly condemned as an anachronistic act which runs counter to the peace-seeking trend of the times, as an antidialogue and antireunification act which tramples the aspiration of the people at home and abroad, who desire progress in North-South dialogue and reunification, and as a crime which violates the requirements of the Armistice Agreement.

In addition, saying military buildup and war exercise are necessary only for war, he added: Under a war atmosphere, dialogue cannot be conducted in peace, and substantial and open-minded dialogue is impossible, even if dialogue is conducted. One of the important reasons the North-South dialogues, which began in the early seventies, constantly had gone through travails and failed to produce any good result was precisely due to such an adventurous military act. Such a tragic situation as one in which North-South dialogue is suspended and brought to rupture must not be created any more. Toward this end, the military buildup and war exercises by the U.S. side must now be brought to an end and a military act which affects dialogue must not be committed.

In conclusion, the senior member of our side stressed that the United States, instead of doing something against dialogue, must make efforts to ease tension and help North-South dialogue and, under the current circumstances, must affirmatively respond to our proposal.

U.S. Urged To Accede to Disarmament Proposal

SK2407044890 Pyongyang KCNA in English 0430 GMT 24 Jul 90

[Text] Pyongyang July 24 (KCNA)—NODONG SINMUN today urges the United States to accede to our disarmament proposal in a signed commentary on the lapse of three years since the DPRK Government put forward a drastic phased disarmament proposal that the North and the South reduce their armed forces in some stages and, accordingly, the U.S. occupation forces be phased out of South Korea.

The paper says:

We took a practical measure of unilaterally demobilizing 100,000 officers and men of the Korean People's Army and have made other sincere efforts to carry into effect the disarmament proposal. But, the U.S. imperialists and the South Korean puppets rejected our disarmament proposal with unreasonable pretexts and sophisms and answered it with stepped-up war preparations including arms buildup and military maneuvers.

It is the U.S. imperialists and the South Korean puppets seeking division and war that are wholly to blame for the fact that our disarmament proposal has not been realised and the danger of war is on a steady increase on the Korean peninsula.

If the South Korean authorities truly want detente and peace, they must show a positive response to our disarmament proposal at an early date.

If the United States wants a peaceful settlement of the Korean issue, it must refrain from instigating the South Korean puppets to discord and confrontation, division and war, take a practical measure of withdrawing the U.S. troops and nuclear weapons from South Korea and come out to the DPRK-U.S. talks or the tripartite talks for the conclusion of a peace agreement.

Whether disarmament for peace on the Korean peninsula is realised, or not, depends entirely on the attitude of the United States and the South Korean authorities.

Chongnyon Chairman Meets U.S., Chinese Women

SK2407043890 Pyongyang KCNA in English 0425 GMT 24 Jul 90

[Text] Tokyo July 22 (KNS-KCNA)—Han Tok-su, chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), on July 17 met Korean women residing in the United States and China who are staying in Japan to participate in a meeting of Korean women in Japan marking the 45th anniversary of the August 15 country's liberation.

Present there were Vice-Chairmen So Man-sol, Sin Sang-tae, Ho Chong-man and O Hyong-chin, the director of the Secretariat of Chongnyon and the chairman of the Central Standing Committee of the Democratic Union of Korean Women in Japan.

Chairman Han Tok-su conversed with the women in an atmosphere overflowing with compatriotic feelings.

Kim Il-song Sends Gift to PLO Leader 'Arafat

SK2407051090 Pyongyang KCNA in English 0447 GMT 24 Jul 90

[Text] Pyongyang July 24 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea sent a documentary film "Warm Welcome to Comrade Yasir 'Arafat" as a gift to Yasir 'Arafat, president of the state of Palestine, chairman of the Executive Committee of the Palestine Liberation Organization and commander-in-chief of the revolutionary armed forces of Palestine.

The Korean ambassador to Tunisia conveyed it to the director of the office of the Presidency authorized by Yasir 'Arafat on July 19.

The director expressed deep thanks for this and said that president Yasir 'Arafat and the Palestinian people are very thankful to the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il for always supporting and encouraging the revolutionary cause of the Palestinian people.

The state and people of Palestine actively support and will support and encourage with all efforts the policies of national reunification including the five-point policy set forth by Comrade Kim Il-song and the struggle of the Korean people for their implementation, he stressed.

Kim Il-song Meets With Pakistani Delegates

SK2307115190 Pyongyang KCNA in English 1031 GMT 23 Jul 90

[Text] Pyongyang July 23 (KCNA)—The great leader President Kim Il-song today received the visiting Pakistani Government economic delegation led by Ehsanul Haq Piracha, minister of state for finance, economic affairs, planning and development.

Present on the occasion were Vice-Premier and Minister of Foreign Trade Kim Tal-hyon and Vice-Minister of Foreign Affairs Cha Pong-chu.

Pakistani Ambassador E.P. to Korea Jafar Habib was also present.

President Kim Il-song conversed with the guests in a cordial and friendly atmosphere.

The head of the delegation conveyed a gift of Prime Minister Benazir Bhutto to President Kim Il-song.

Reportage on Visit by Delegation From Niger

'Friendly' Talks With WPK

SK2207092490 Pyongyang KCNA in English 0842 GMT 22 Jul 90

[Text] Pyongyang July 22 (KCNA)—Talks were held here Sunday between the party and government delegation of Korea and the delegation of National Movement for the Society of Development and the Government of Niger.

Present on our side were Kim Yong-nam, member of the Political Bureau of the Central Committee of the Workers' Party of Korea [WPK], vice-premier of the Administration Council and foreign minister, and other officials concerned and on the Niger side were members of the delegation headed by Mahamane Sani Bako, secretary for external relations of the National Executive Bureau of the National Movement for the Society of Development and minister of foreign affairs and cooperation of the Republic of Niger.

The talks proceeded in a friendly atmosphere.

Meets With Kim Il-song

*SK2307114390 Pyongyang KCNA in English
1028 GMT 23 Jul 90*

[Text] Pyongyang July 23 (KCNA)—The great leader President Kim Il-song today received the visiting delegation of the National Movement for the Society of Development and the Government of Niger led by Mahamane Sani Bako, secretary for external relations of the National Executive Bureau of the National Movement and minister of foreign affairs and cooperation of the Republic of Niger.

Present on the occasion were Kim Yong-nam, member of the Political Bureau of the C.C. [Central Committee], the Workers' Party of Korea, vice-premier of the Administration Council and minister of foreign affairs, and Chong Song-nam, minister of external economic affairs.

Niger Ambassador to Korea Issoufou Mayaki was on hand.

The head of the delegation forwarded a personal letter and gift of President Ali Saibou to President Kim Il-song.

President Kim Il-song expressed thanks for it and conversed with the guests in a cordial and friendly atmosphere.

Envoy's Credentials Received

*SK2307115290 Pyongyang KCNA in English
1033 GMT 23 Jul 90*

[Text] Pyongyang July 23 (KCNA)—The great leader Comrade Kim Il-song, president of the Democratic People's Republic of Korea, today received credentials from Issoufou Mayaki, newly-appointed ambassador E.P. of the Republic of Niger to Korea.

Vice-Premier and Foreign Minister Kim Yong-nam was present on the occasion.

President Kim Il-song had a conversation with the ambassador after receiving the credentials. The ambassador conveyed a gift of Nigerien [as received] President Ali Saibou to President Kim Il-song.

Visitors Depart 24 Jul

*SK2407110390 Pyongyang KCNA in English
1036 GMT 24 Jul 90*

[Text] Pyongyang July 24 (KCNA)—The delegation of the National Movement for the Society of Development and Government of Niger headed by Mahamane Sani Bako, secretary for external relations of the National Executive Bureau of the National Movement for the Society of Development and minister of foreign affairs and cooperation left here today after concluding its visit to Korea at the invitation of the Central Committee of the Workers' Party of Korea and the Government of the DPRK.

During its stay in Korea, the delegation saw the West Sea barrage and the May Day Stadium.

Kim Il-song Greets Botswana's President Masire

*SK2207093890 Pyongyang KCNA in English
0846 GMT 22 Jul 90*

[Text] Pyongyang July 22 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea congratulated President Q.K.J. Masire of the Republic of Botswana on his 65th birthday.

In a message dated July 21 he wished the Botswanan president greater success in his work for the prosperity of the country.

Kim Il-song Meets With Delegation From Mali

*SK2207092890 Pyongyang KCNA in English
0844 GMT 22 Jul 90*

[Text] Pyongyang July 22 (KCNA)—The great leader President Kim Il-song on July 22 received the government delegation of the Republic of Mali headed by Ngolo Traore, minister of foreign affairs and international cooperation.

Present on the occasion were Vice-Premier and Foreign Minister Kim Yong-nam and Minister of External Economic Affairs Chong Song-nam.

The head of the delegation conveyed a personal letter and gift of President Moussa Traore to President Kim Il-song.

President Kim Il-song expressed thanks for this and conversed with the guests in a cordial and friendly atmosphere.

Mozambican Visitor Lauds North's Socialism

*SK2307120090 Pyongyang KCNA in English
1000 GMT 23 Jul 90*

[Text] Pyongyang July 23 (KCNA)—Alberto Sithole, member and director of the Department for External Relations of the Central Committee of the Mozambique Liberation Front party (Frelimo), who visited Korea said Friday that the socialist system of Korea is a peculiar socialist system of Korea's style when he met a KCNA reporter before his departure for home.

Through the Korean visit I have clearly realized how important for the party and peoples of each country to decide and hew out their own destinies independently is, he stressed.

The party of each country must work out policies in conformity with its specific conditions and settle all the matters by itself, he said, and continued: In this sense Korea is an example for the world progressive people.

Referring to the significance of the Korean visit by the Frelimo delegation, he stated that the current visit will become an important occasion in further expanding and developing the friendly and cooperative relations between the two parties and the two peoples.

Malagasy President Sends Solidarity Message

SK2307050990 Pyongyang KCNA in English 0500 GMT 23 Jul 90

[Text] Pyongyang July 23 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea received a solidarity message sent by Didier Ratsiraka, president of the Democratic Republic of Madagascar, on the month of solidarity with the Korean people.

In his message dated July 19, the Malagasy president expressed firm support once again to the Korean people's struggle for the realization of the independent and peaceful reunification of the country by means of founding the democratic confederal republic of Koryo.

The message voiced support to the five-point policy of national reunification expounded by President Kim Il-song to ease tensions on the Korean peninsula, build up a peaceful climate, remove the barrier bisecting Korea into the North and the South, and realize free travel and complete opening between both sides.

The message hailed an excellent initiative of the DPRK to open the portion of the North side in Panmunjom from August 15, 1990.

Article Discusses 'Man-Centered' Socialism

SK2307121790 Pyongyang KCNA in English 1046 GMT 23 Jul 90

[Text] Pyongyang July 23 (KCNA)—NODONG SINMUN today runs an article contributed by Prof. [Professor] and Dr. Kang Chong-sok under the title "Transforming Society Creatively To Meet Desire for Independence of Popular Masses Is Basic Direction In Which To Build Socialism", which reads in part:

The great leader Comrade Kim Il-song has taught:

"Transforming all the sectors of society creatively to meet the desire for independence of the popular masses, the subject of the revolution, is the basic direction in which to build man-centred socialism."

Only when the basic direction in which to build socialism is correctly indicated can the working class party work out correct strategy and tactics in socialist construction and powerfully organise and mobilize the popular masses to carry them out.

Transforming all the sectors of society to meet the desire for independence of the popular masses, the subject of the revolution, clearly indicates the fundamental purpose and goal of building man-centred socialism and its character and methods.

Man-centred socialism can be built successfully when all the sectors of society is so transformed as to meet the desire for independence of the popular masses, the subject of the revolution.

Creative transformation of all social sectors by the popular masses, the subject of the revolution, is also a matter chiefly related to the character and fundamental methods of building man-centred socialism.

In a man-centred socialist society all the problems arising in politics, economy, culture and other realms of social life are solved by giving play to the inexhaustible creative ingenuity of the popular masses in keeping with the specific conditions.

The theory on the basic direction in which to build man-centred socialism is based on a scientific explanation of the law-governed process of building socialism.

The struggle for socialism and communism is a struggle for the chajusong of the popular masses and the lawfulness of this struggle can be correctly proven only by the chuche idea, a true communistic ideology which scientifically illumines the road of thoroughly defending and completely realising chajusong of man.

The idea and theory on the basic direction in which to build man-centred socialism is a guideline showing a true way of building a chuche-orientated independent socialism.

Just as revolution can neither be exported nor imported, so socialism can neither be chosen for you nor presented by others. A genuinely independent socialism which meets the demand of the popular masses and the idea of socialism can be built only when people of each country strictly maintain the independent stand and creative methods, choose socialism according to their own faith and build it by their own efforts in conformity with the actual conditions of their country.

Independent socialism of chuche will advance without wavering in any wind as it enjoys unquestioned support and trust of the popular masses and has struck its roots deep in the reality of their country.

South Korea

Further Reportage on Free Exchanges With North

Hong Kong Source on North Response

SK2007040190 Seoul CHOSON ILBO in Korean 20 Jul 90 p 1

[Report by correspondent Pak Sung-chun from Hong Kong]

[Text] Hong Kong's influential weekly magazine, the FAR EASTERN ECONOMIC REVIEW, which deals with current affairs, reported that North Korea agreed to hold North-South premier-levle talks slated for September, due to pressure from the Soviet Union.

In the 26 July edition of the FAR EASTERN ECONOMIC REVIEW which was published on 19 July, it reported that right after returning home from the San

Francisco talks with President No Tae-u, Soviet President Mikhail Gorbachev sent a letter to the North Korean charge d'affaires in Moscow strongly urging dialogue with Korea.

Editorial Urges North To Respond

SK2407015290 Seoul THE KOREA HERALD in English 24 Jul 90 p 8

[Editorial: "Time for North Korea To Respond"]

[Text] Pyongyang has already done enough on make [as published] inter-Korean dialogue and contacts a gimmick for its political scheming. And, it has done it again by rejecting outright President No Tae-u's call for what he termed "grand inter-Korean exchanges of people," which would allow free cross-border travel through the truce village of Panmunjom by south and north Korean citizens for five days in the middle of next month. Pyongyang's reason for refusing to listen to the Seoul proposal raises the question of whether it is really interested in pursuing inter-Korean contacts in order to find ways of ending the south-north confrontation, which has wasted the national energies of both sides on the peninsula so much for so long.

Even so, we have been tempted to believe that fresh starts deserve a try and this is why three of the Seoul government's cabinet ministers—Minister of the National Unification Board Hong Song-chol, Minister of Justice Yi Chong-nam and Minister of National Defense Yi Sang-hun—met the press yesterday to present a set of measures designed to remove all obstacles that could block the grand inter-Korean exchanges of people from reaching fruition.

Seoul's concessionary measures included an inter-Korean meeting of justice ministers, where the abolition of the south's National Security Act could be deliberated in conjunction with the north's so-called social security laws. Seoul also offered a joint south-north investigation of both sides' border fortification in order to clear away once and for all any suspicion about the nonexistent "concrete walls" that Pyongyang has harped on all along. It even went so far as to allow south Koreans to freely participate in the so-called "pannational conference" the north plans to hold in Panmunjom around Aug. 15, provided the north is not too choosy about its participants.

It goes without saying that the basic spirit underlying the set of proposals transcends political systems and ideologies and is dedicated purely to the humanitarian love of brethren. That is all there is to it, totally apart from the fear obviously harbored by Kim Il-song and his followers that reopening of the border for exchange visits will result in accelerating the collapse of their regime.

No preconditions or excuses whatsoever are solicited in further procrastinating on Seoul's humanitarian call for exchange visits between the two parts of Korea. The Pyongyang regime may have already suffered enough for displaying behavior unbecoming to the civilized world. Now is the time for it to come to its senses and accept the Seoul proposal unconditionally. For Pyongyang's part, sincere participation in our efforts to realize inter-Korea travel exchanges is the most realistic choice.

It may be difficult for north Korea to open up its tightly closed doors immediately, but the rulers there are called upon to follow the global tide of openness and reconciliation and permit free inter-Korea exchanges in all fields, with the ultimate aim of realizing peace and reuniting our land as early as the turn of the century. With German unification looming as an imminent reality, may all of the 70 million Koreans on both sides of the Demilitarized Zone become one again to participate in the pannational endeavor to fulfill our earnest yearning for national unification in the near future.

South May Start Customs Post

SK2407021690 Seoul YONHAP in English 0134 GMT 24 Jul 90

[Text] Seoul, July 24 (OANA-YONHAP)—South Korea may set up a customs post in the truce village of Panmunjom on the border with North Korea in August, a government official said Tuesday. The government expects there will eventually be travel through the border village as a result of President No Tae-u's proposal July 20 to open the crossing point, the official said.

A customs administration special task force headed by Deputy Director Kim Ki-in is preparing to conduct customs procedures at the border during the "grand inter-Korean exchanges of people" Aug. 13-17, the official said on condition of anonymity.

If the North allows free travel during the five-day period, the South will send customs officials to the border village to man metal detectors, he said. North Korean goods will not be subject to tariffs but must undergo customs formalities, the official said. The government has said it will not regard the truce line as a border and commodity trade between the two parts of Korea will be treated as internal trade.

It is uncertain if there will be any cross-border travel as the North has virtually rejected the proposal.

The Customs Administration sent officials to Panmunjom in 1984, when North Korea delivered flood aid to the south.

Kang Message to Yon

SK2407041090 Seoul Domestic Service in Korean 0300 GMT 24 Jul 90

[Text] Prime Minister Kang Yong-hun today sent a telephone message to Yon Hyong-muk, premier of the North Korean State Administration Council, to urge the North Korean side once again to respond to the proposal for holding working-level contacts which the three ministers advanced yesterday at their joint press conference.

In the telephone message, Prime Minister Kang Yong-hun said today that the working-level contacts proposed by our side are a step which positively accepts all issues presented by the North Korean side. Therefore, there is no reason for the North Korean side to refuse it, and it will greatly contribute to realizing exchanges between the North and the South and to creating the circumstances conducive to reunification.

Prime Minister Kang said: The fact that the North Korean side repeated its previous insistence on holding working-level contacts between the authorities and between political parties without a single word about our side's proposal cannot be construed other than as an effort to use the issue of openness for political purposes.

In a joint press conference yesterday, three ministers, including Minister of Unification Board Hong Song-chol, proposed that talks between authorities of military affairs of the North and the South and between authorities of judicial affairs of the two be held on 27 July to discuss the issues of the concrete wall, the National Security Law, and detainees, and that a working-level contact be held on 30 July to discuss the issue of a great national exchange.

In a letter sent yesterday afternoon, however, the North Korean side, without a single word about our side's proposals, unilaterally informed us that it will send representatives for the working-level contacts between the authorities and between political parties to Panmunjom on 27 July.

North Rejects Proposals

SK2407060790 Seoul YONHAP in English 0526 GMT 24 Jul 90

[Text] Seoul, July 24 (OANA-YONHAP)—North Korea rejected Tuesday a proposal by South Korea for working-level talks to discuss an on-site inspection of what Pyongyang claims is a concrete wall along the border and for a meeting of the justice ministers of the two sides to discuss legal and structural barriers to free South- North travel.

Defense Minister Yi Sang-hun, in a joint news conference on Monday with Justice Minister Yi Chong-nam and Unification Minister Hong Song-chol, proposed two working-level contacts at the truce village of Panmunjom on July 27 in a bid to keep alive a call for free cross-border travel from Aug. 13-17.

The South is insistent there are no concrete walls, only anti-tank traps to block North Korean invasion routes across the Demilitarized Zone dividing the Korean Peninsula.

The justice minister proposed to his North Korean counterpart for a meeting of working-level officials at Panmunjom to discuss South Korea's National Security Law and the imprisonment of South Koreans for visiting the North, as well as the North's security laws and political prisoners in labor camps.

In a statement issued in the name of the Committee for Peaceful Reunification of the Fatherland, North Korea responded to the proposals by repeating calls for preliminary contacts for a meeting of high-level authorities and party leaders from both sides of Korea.

NAEWOE PRESS, the South's official North Korean watcher, said it had monitored the rejection on Pyongyang radio.

The North said that all problems can be discussed at the preliminary contact proposed in a telephone message Monday from North Korean Prime Minister Yon Hyong-muk to South Korean Prime Minister Kang Yong-hun and the presidents of the three parties in the South.

"It is not necessary to conduct a joint investigation into the concrete wall because the wall only exists in the South," NAEWOE quoted the statement as saying. "It is also unnecessary to hold preliminary contacts for a meeting of justice ministers because there is no national security law in the North."

Pyongyang demanded that Seoul solve all problems in connection with a rally it is to host at Panmunjom on Aug. 15 and free all South Koreans jailed for visiting North Korea without government permission, NAEWOE said.

The North also rejected the South's demand that it allow anyone who wants to to attend the rally.

"Participants at the congress should be decided by the host, and the South's demands that people from all social strata be allowed to take part is a plot to ruin the fete we are to host by sending ultra-rightist groups," the statement said.

Pyongyang had rejected President No Tae-u's proposal July 20 for free inter-Korean travel during five days around Aug. 15.

Yon's call for a preliminary meeting for a conference of highest authorities and party leaders is seen here as a trick to divide the government and opposition over free travel and split public opinion by raising the concrete wall and security law issues.

Dissidents Propose Talks

SK2407084290 Seoul YONHAP in English 0732 GMT 24 Jul 90

[Text] Seoul, July 24 (YONHAP)—The National Alliance of Democratic Movements, South Korea's largest dissident organization, has invited three North Koreans to attend working-level talks in Seoul on Thursday to prepare for a "pan-national" rally on the border in mid-August and the South Korean Government has acquiesced.

In a news conference Tuesday, a spokesman for the dissident group said the three would probably cross through the truce village of Panmunjom, because they had no time to take the long route via Beijing and Tokyo, for a meeting at the Anglican Cathedral in central Seoul from 9 A.M.

If the visit takes place, it will be the first time ever the North has allowed any of its citizens to travel to South Korea.

Six members of the Alliance, including co-chairman Yi Chang-pok, visited the National Unification Board on Tuesday and received a guarantee of the safe entry and exit of the three Northerners. The Board accepted invitations for the North Koreans with a request that they be passed on.

The dissidents said the site of the Aug. 15 rally, originally set for Panmunjom, might be moved to allow more people to attend as the number was likely to exceed early estimations.

"We may hold the rally in Seoul or somewhere else," one said.

South Korea's unification minister has repeatedly suggested the venue be changed to Seoul or Pyongyang because the truce village, a joint security area, is "not a proper place for such a rally."

Touching on the sensitive issue of who can attend the rally, Kim Hui-taek, deputy secretary general of the Alliance, said, "All individuals, organizations and political parties that respect the spirit of the July 4 joint declaration, and the purpose and idea of the rally are welcome. It is not desirable that any side mandates qualifications for would-be participants."

Kim's remarks hint at a compromise between the Alliance and the government with regard to the issue. The South Korean Government has said it would have difficulty supporting the rally should the Southern participants be limited to members of dissident organizations.

On July 4, 1972, the South and North Korean Governments jointly declared an end to hostility and promotion of peaceful reunification of the nation.

The dissidents said the North Korea-organized rally will run from Aug. 13-17 and that literary and academic events will also be held at Seoul's Yonsei University, with a ceremony at Panmunjom on Aug. 15 to mark the 45th anniversary of Korea's liberation from Japanese rule.

It was decided Monday to invite North Koreans to Thursday's preparatory meeting for the rally in addition to six delegates from South Korea and three from overseas Korean communities.

The six include Sin Chang-kyon, a co-chairman of the alliance, Cho Song-u, director of the Peace Research Institute, and members of the National Alliance of Student Representatives. The three from abroad are Un Ho-ki from America, Kim Chong-pu from Japan and Yi Chong-hyon from Europe.

Aide Comments on Prospects for Change in North

SK2407020690 Seoul YONHAP in English 0103 GMT 24 Jul 90

[Text] Seoul, July 24 (YONHAP)—North Korea has begun to change because leader Kim Il-song wants to hand over the reins of power to his son amid socio-political stability, an aide to President No Tae-u said Monday.

Disputing the widely held belief that the communist North will change only after Kim dies, Kim Hak-chun said Kim Chong-il lacks the power and charisma to lead a reform drive after his father's death.

"If Kim Il-song dies or becomes incapacitated, Kim Chong-il will take power but will find it extremely difficult to keep. It is highly likely the military would boot him out of power through a coup," he said.

Kim Il-song is 78 years old and reportedly suffered from "myocardial infarction twice last year," said Kim in a seminar on "post-Kim Il-song North Korea."

He said he expected North Korea to follow the East German pattern of socio-political changes.

"In the process of promoting gradual changes and expanding contacts with the West, moderates are expected to replace the conservatives. Changes inspired by the West will hit the ruling class and the ordinary people will follow slowly. In the end, the entire North Korean society will pursue changes, pressuring the ruling class to change even faster," he said.

He said the possibility of reform was increasing in North Korea as it was struggling to expand contacts with the United States, Japan and other Western countries in order to overcome its economic plight and diplomatic isolation.

"I can't rule out the possibility that the regime may collapse due to public revolt, as in Romania, but the possibility is very dim as anti-government forces are weak and badly organized," he said.

He said the changes in North Korea would result in active dialogue and exchanges with the South aimed at reunification.

South Korea's development as "a genuine democracy" will further encourage North Korea to change, he added.

Saboteur From North Meets Relatives From South

SK2107065690 Seoul YONHAP in English 0627 GMT 21 Jul 90

[Excerpts] Seoul, July 21 (YONHAP)—A convicted and pardoned North Korean terrorist broke down in tears as she met her South Korean relatives Saturday in an emotional encounter in front of more than 100 reporters.

"You look a lot like your uncle and grandfather," sobbed Im Kwan-ho, 70, a distant family member, as he came face to face with Kim Hyon-hui.

The 30-minute, tearfilled meeting highlighted the plight of millions of Koreans separated from family members by the division of the Korean Peninsula. It was arranged by a government-funded association of North Koreans who escaped to the South during the Korean war.

Im went public with a claim last month that he was a relative of the accused terrorist. Authorities, after studying Im's family register, verified the claim.

Six other distant relatives joined Im in the meeting, eager for news of long unheard of family members still in the North. Kim later told reporters she was overcome by the unexpected event, saying she never knew she had relatives in the South. [passage omitted]

"I never knew what it is like to be separated from family members when I was in the North, but now I realize how painful it must be," the former saboteur said.

Kim said she hopes South-North relations quickly improve so that all separated families will be able to see each other, and promised to visit her South Korean relatives at every chance.

Soviet Vice Communications Minister Arrives

SK2107005190 Seoul CHUNGANG ILBO in Korean 19 Jul 90 p 2

[Text] Five Soviet communications officials, including Deputy Communications Minister Korneyev arrived in Seoul on 18 July aboard Korean Air flight No. 703 to discuss cooperation with our government in communications technology.

Agrees on Telephone Lines

SK2207234590 Seoul CHUNGANG ILBO in Korean 20 Jul 90 p 2

[Text] It is likely that international telephone lines and telex will open between the ROK and the Soviet Union as early as August.

The Communications Ministry is planning to actively study the participation of the ROK in the project of cross-Siberia optical cables (TSL) [acronym as published], which the Soviet Union is currently pushing ahead, and to positively increase exports of domestically produced electronic switchboards (TDX) [acronym as published] to the Soviet Union. For this, the Communications Ministry decided to offer a TDX with 2,000-circuit capacity as an sample for service purposes.

In holding discussions with (Kerman I Korneyev), Soviet vice communications minister now visiting the ROK, on communications issues between the two countries on 19 July, the Communications Ministry agreed to open four direct circuits between the ROK and the Soviet Union which the two sides had agreed to in May.

Accordingly, the direct ROK-USSR international telephone line, which was possible only through England, Greece, and Italy in the past, will be available through a communication satellite over the Indian Ocean.

It has been learned that as soon as the Soviet side completes the ongoing project of expanding switchboards within the Soviet Union, it will open direct international telephone lines with the ROK without delay.

The study on the participation in the project of installing optical cables is being made at the direct request of vice minister (Korneyev).

During the conference for readjusting the circuits of international communication satellites for 1990 held in the headquarters of the international communication satellite organ in Washington from 6 to 15 May, the ROK and the Soviet Union agreed to open four direct international telephone line circuits and 12 telex circuits.

Since manual telephone lines were opened between the ROK and the Soviet Union for the first time in 1979, automatic telephone lines via a third country were opened in August 1988. However, calls from the Soviet Union have been connected through manual devices.

The telephone traffic between the two countries marked a total of 7,881 calls from our country and 2,166 incoming calls last year, increasing 11 times and five times, respectively, over 1988's total. Thus, the demand for telephone services is drastically increasing following the improvement of relations between the ROK and the Soviet Union.

Reportage on Expanding Contacts With USSR

Editorial Urges 'Judgment'

SK2207074590 Seoul CHOSON ILBO in Korean 19 Jul 90 p 3

[Editorial: "Practical Start of ROK-USSR Negotiations"]

[Text] Soviet President Gorbachev's invitation to an ROK delegation is attracting people's attention, because this means that specific progress toward the establishment of diplomatic relations between the ROK and USSR has been made since their summit in San Francisco.

Our delegation, reportedly to be dispatched in August, is the first to comprehensively discuss at the working-level various issues related to normalizing the two countries' relations, which were discussed during the summit talks. Accordingly, elaborate and precise prior preparations and broad internal and external discussions are necessary.

We would like to stress that normalizing ROK-USSR relations will not only comprehensively improve the basic attitude and direction of the national interest in every aspect, but pushing ahead ahead with this issue also will raise various diplomatic and security issues, as well as economic and other questions. This issue ultimately will exercise an important influence on North-South relations, a matter of our fundamental interest. Therefore, we call on the government to utilize profound insight and careful judgment and, based on these, to establish strategic plans with high standards. One should not give priority to temporary political aims, nor should one create contradictions and conflicts between domestic and foreign policies.

One should not ignore the fact that some people are concerned that the government and civilians have excessively high expectations for ROK-USSR relations and are displaying impatience. In connection with this, we wonder if our delegation, which soon will start negotiations, has collected basic material and information to serve as a foundation for developing its strategic plans and has worked out a basic direction and cooperative system among each sector for negotiations. We also are concerned with various other aspects, including whether the delegation has properly secured the necessary manpower and has worked out a research and survey system.

We consider it desirable that the first delegation be composed of experts from each sector and have the nature of a basic survey team, and that the delegation attend the negotiations as if they were preliminary talks in which practical survey work is important. Needless to say, various conditions and circumstances relative to the relations between the two countries may necessitate urgent agreement and cooperation on some occasions. However, for this purpose, the more essential and important issues or procedures should not be omitted or treated lightly.

In particular, concerning the invitation, the Soviet side used the words "economic delegation," not delegation for diplomatic relations, thus revealing its strategic plans to a certain degree. Accordingly, our side should work out sufficient counter strategies.

The economic structure of the two nations has enormous potential for mutual cooperation even before diplomatic relations are established. The principle of mutual benefits in economic cooperation should not be neglected for the policy of giving excessive priority to diplomacy. At the same time, unilateral economic cooperation, which affects our economic operation, should not be an item for consideration. What is important is the basic direction and principle. We would like to emphasize again the building of our strategic capabilities and basic system for realizing such a direction and principle.

Editorial on Normalized Ties

SK2007012690 Seoul THE KOREA HERALD in English 20 Jul 90 p 8

[Editorial: Step Toward Moscow Ties]

[Text] The letter from Soviet President Mikhail Gorbachev to President No Tae-u in which the Kremlin leader proposed inviting a Korean delegation to start intergovernmental negotiations is a significant step toward normalization of relations between Seoul and Moscow.

The letter was delivered early this week by the Soviet consular office here. Dated July 6, it came in response to a letter sent earlier by President No in the wake of their meeting in San Francisco in early June. The broad accord reached between the two leaders is about to be made more official and tangible.

In the letter, Gorbachev said that he will instruct First Deputy Premier Y.D. Maslyukov to ask a Korean economic delegation to visit Moscow. By naming the top Soviet cabinet officer in charge of economic affairs the host of the forthcoming bilateral talks and by leaving the makeup and status of the Korean delegation at the discretion of Seoul, Gorbachev suggested that the two counterparts will be high-powered ones representing their respective governments.

According to all indications, the Soviet Union has given higher priority to economic exchanges with Korea while the latter is more occupied with pursuing early diplomatic ties with the Soviets. However, this is a matter of relative emphasis. The two countries are in basic agreement on the need to seek political normalization and economic cooperation at the same time.

Though the Soviet letter used the designation of a Korean "economic" delegation, it did not confine the function or composition of its representation, thus giving it wide latitude to address a wide range of mutual concerns including the urgent question of normalization.

By nature, the first official mission from Korea to visit Moscow in August is bound to be exploratory to lay the groundwork for full-dress meetings between foreign ministers to conclude the process of rapprochement after a long interruption. Our government is supposed to be well prepared in terms of information on the Soviet scene and independent technical expertise in dealing with Soviet officials.

Trade and investment are essential aspects of the evolving Seoul-Moscow links. Both sides are in need of promoting economic cooperation on an equal footing and on a reciprocal basis. Hasty political considerations should not sway decisions on economic matters.

The encouraging developments toward formal diplomatic and economic relations are to be accelerated, but with prudence and foresight and no flashy gimmicks.

Businessman Visits USSR

SK2207031190 Seoul THE KOREA TIMES in English 22 Jul 90 p 8

[Text] Dr. Pak Un-tae, chairman of Miju Co., Ltd., left here yesterday for Soviet Union at the invitation of Dr. Agan Begyan, director general of the Soviet Institute of National Economy.

At the institute, Dr. Pak will give a lecture titled "A Study of Korean Development and its Applicability to Socialist Countries."

During his stay in the Soviet Union, Pak will also have a series of consultations on exports and joint ventures.

Mutual Observation of Exercises

SK2207043290 Seoul Television Service in Korean 1200 GMT 21 Jul 90

[Text] In a Moscow radio broadcast yesterday, the Soviet Union called the mutual observation of large-scale military exercises, which was proposed by the ROK side to ease military confrontation between the North and the South, a reasonable proposal for creating trust.

Moscow Radio on 'Wall'

SK2207033790 Seoul THE KOREA TIMES in English 22 Jul 90 p 2

[Text] A Moscow radio broadcast reported on Thursday that the so-called concrete wall south of the DMZ is in reality an anti-tank barrier.

According to the Naewoe Press specializing in North Korean affairs, the radio reported the fact, quoting an article by a Tass correspondent based in Pyongyang.

The radio report said that South Korea started the construction of the anti-tank barrier south of the DMZ in the late 1970's, the Naewoe Press reported the radio broadcast as saying.

North Korea is making propaganda about the concrete structure, saying it is aimed at preventing South Koreans from crossing to North Korea and demanded that it be torn down.

Pak Chol-on To Visit USSR

SK2307022790 Seoul YONHAP in English 0216 GMT 23 Jul 90

[Text] Seoul, July 23 (YONHAP)—A top aide to South Korean President No Tae-u will travel to the Soviet Union at the same time as, but separately from, an official government economic delegation early next month, a senior government official said Monday.

Former State Minister for Political Affairs Pak Chol-on will meet major Soviet figures to discuss establishing diplomatic relations, the official said, speaking on condition of anonymity.

"The government, to prompt normalization of diplomatic ties, will have Pak contact leading political figures, including Presidential Adviser Yevgeniy Primakov and Foreign Minister Eduard Shevardnadze, and assist the official delegation, which will be led by top presidential Economic Secretary Kim Chong-in," he said.

The Korean Government is pushing to open diplomatic ties with the communist nation this year and it is highly probable that Pak will carry a personal letter from No, the official said.

Choe May Meet Shevardnadze

SK2407020890 Seoul YONHAP in English 0110 GMT 24 Jul 90

[Text] Seoul, July 24 (YONHAP)—The South Korean and Soviet foreign ministers could meet this year if diplomatic progress continues between the two countries, Foreign Minister Choe Ho-chung said Monday.

Choe also said South Korea cannot and should not oppose its allies making contact or establishing ties with North Korea.

Speaking at a seminar on foreign policy, Choe said Korea's immediate diplomatic concerns should be the Soviet Union and China as relations with China will be built on growing economic exchanges and advances in Korea-Soviet diplomacy.

Choe said he hopes the Beijing Asian Games in September will bolster ties.

He said South Korea must remember the spirit of President No Tae-u's declaration July 7 last year, in which No laid out a six-point plan for peaceful reunification of of the Korean Peninsula.

North Korea must first give up its terrorist and anti-Seoul tactics and open up fully to South-North exchanges, he said.

"We are asking all our allies to remind North Korea of these facts when making contact," Choe said.

Joint Venture in Lumber

SK2107021790 Seoul YONHAP in English 0205 GMT 21 Jul 90

[Text] Seoul, July 21 (YONHAP)—The first load of Siberian lumber arrived in South Korea on Saturday as part of a joint forest development project between the Hyundai group, one of Korea's largest conglomerates, and the Soviet Union.

Company officials said 12,000 cubic meters of Soviet timber, mostly tamarack, spruce and pine, were brought into the southeastern port of Ulsan, aboard a barge.

But some industry officials say the type of lumber being imported may be unsuitable for domestic use.

The tamarack, an American larch used for making meat carts, is of low quality while the spruce and pine are unfit for plywood or pulpwood, they said. Hyundai may be able to use the imported lumber at its furniture manufacturing plants, but the industry officials predicted that the group will bear losses in the end if such imports continue.

A Hyundai official was optimistic, however, saying the nation's construction and furniture markets are expected to grow steadily, boosting demand for wood.

Furniture made from the imported lumber will be mainly for domestic sale, for now, and may be exported in the future, the official said.

Chong Chu-yong, founder of the Hyundai group, launched an ambitious project to develop the forests of Svetlaya with the Soviet Government in December last year. Hyundai agreed to purchase lumber from the Svetlaya region as part of the project.

The official said large imports will begin in October.

Choe Ho-chung Mentions Ties With USSR, PRC

SK2307233390 Seoul TONG-A ILBO in Korean 22 Jul 90 p 1

[Text] In connection with economic cooperation with the Soviet Union, Foreign Minister Choe Ho-chung on 21 July disclosed that "the policy with regard to the size of our loan to the Soviet Union which our government is considering as an effort to expand economic cooperation between the ROK and the Soviet Union has already been decided" and said that "however, the government cannot reveal the specifics of this loan because we have not grasped the stand of the Soviet Union at the present stage."

Disclosing this in an informal meeting with reporters that day Minister Choe stated that "the government will sound out the possibility of holding talks between foreign ministers of the ROK and the Soviet Union through a ROK delegation which will visit Moscow in early August to negotiate for the normalization of relations between the two countries."

Referring to the issue of improving relations with China, Minister Choe said: "After the Beijing Asian Games the two countries will begin concrete discussions on the establishment of official relations between them, including establishing trade offices. It is our government's stand to dispatch a temporary consular group to Beijing during the Asian Games to protect the personal safety of our athletes. Therefore, as the Asian Games are drawing near the two countries will earnestly begin negotiations on exchanging consular groups between the two countries."

Reportage on Improving Relations With PRC

Summit Prospects During Asiad

SK2107080690 Seoul YONHAP in English 0746 GMT 21 Jul 90

[Text] Seoul, July 21 (YONHAP)—South Korea is ready to positively study the possibility of having summit meetings with China and North Korea during the Beijing Asian Games if President No Tae-u is invited to the Asiad, informed government sources said Saturday [21 Jul].

They said the South Korean Government has conveyed such an intention to the Chinese Government through U.S. Ambassador to China James Lilley, who is well-versed in Korean as well as Chinese affairs, having served in Seoul from November 1986 to January 1988.

Meanwhile, Foreign Minister Choe Ho-chung cautioned reporters Saturday when asked to comment on No's possible visit to Beijing, "It is improper to talk about whether President No will visit Beijing or not when we haven't received an official invitation."

He said an invitation would be "considered favorably."

"China may send an invitation to the president, knowing well that Korea successfully hosted the Asian Games in 1986 and the Olympics in 1988 and that he was president of the Seoul Olympic Organizing Committee. If China sends an invitation to President No, it will be considered favorably," Choe said.

He said the two countries could hold concrete consultations on normalization of relations, including the establishment of trade offices, after the Asiad.

Discussions on an exchange of consular officials will start before the games as "our government has to send a temporary consular mission there to take care of the athletes, staff and observers," he said.

Touching on economic relations between Korea and the Soviet Union, Choe said Seoul has drawn up a rough picture of a loan to Moscow but he was unable to reveal it.

"I can't disclose the basic picture, even if it exists, since we don't know the Soviet stance yet," he said.

Seoul will explore the possibility of a Korea-Soviet foreign ministers' meeting early next month, when a government delegation visits Moscow to discuss normalizing diplomatic ties.

Choe said he would call on his counterparts from the United States, Japan and Canada in Singapore late this month during a meeting of the Asia-Pacific economic cooperation to support No's proposal for free travel between South and North Korea from Aug. 13-17.

The U.S. State Department Friday welcomed No's proposal and called for reciprocal measures from North Korea.

Hong Kong Paper Predicts Ties

SK2407000190 Seoul CHUNGANG ILBO in Korean 22 Jul 90 p 1

[Text] Hong Kong, July 21 (YONHAP)—HSING TAO WAN PAO, a pro-Taiwan newspaper in Hong Kong, on 21 July reported that Taiwan has been dealt a great diplomatic blow because China and Saudi Arabia will establish diplomatic relations soon. And, it also reported that to make matters worse, Taiwan is likely to have to drink another bitter cup of diplomatic failure since the ROK is expected to establish diplomatic relations with China.

This paper, in an analytical article entitled "Taiwan Observation," revealed that the Government of Taiwan is on alert, because China is predicted to try to improve relations between China and the ROK, including its recent endeavor to establish a trade office, and because such Chinese endeavors may develop into the establishment of diplomatic relations beyond economic and trade relations.

HSING TAO WAN PAO reported that experts acknowledge that there will be great changes in the diplomatic relations as well as trade relations between the ROK and China, with the Beijing Asian games in September as an occasion. In addition, this paper predicted that the development of the ROK-Chinese relations will have a great negative impact on Taiwan.

Further on Ferry Service

SK1807014290 Seoul THE KOREA HERALD in English 18 Jul 90 p 3

[Text] A group of Chinese officials have begun negotiations here with private south Korean shipping firms on establishing a ferry service linking the two former enemies across the Yellow Sea, officials said.

The 11 Chinese officials were sent by the Shandong and Weihai City Chambers of Commerce and the two Chinese firms seeking a joint venture with six Korean partners, said a spokesman for one of the local firms. Yukong Line. [sentences as received]

They arrived here Saturday and are expected to continue the negotiations for about a week, the spokesman said.

The south Korean firms—Yukong, Pan Continental Shipping, Korea Long-Term Credit Bank, Dongwon Fisheries, Dongnama Shipping and Pacific Cruise Ferry—want the joint venture to be based in a third port such as Hong Kong, he said.

But the two Chinese companies, Weihai Shipping and Sinotrans, want the joint venture to be based in China, where it would be subject to Chinese law, the spokesman said.

"They like their own country," he added.

The ferry service between South Korea's western port city of Inchon and the Chinese ports at Weihai or Qingdao in the Shandong peninsula is to be in place before the Asian Games start in late September in Beijing, he said.

South Korea is seeking diplomatic relations with China and wants to start government-level contacts. It has said that it will use the Asiad as a platform to develop ties.

But China, a close ally of Communist north Korea since sending hundreds of thousands of soldiers to fight south Korean and U.N. troops in the 1950-1953 Korean War, has been reluctant to anger its ideological ally in Pyongyang.

A senior Foreign Ministry official who deals with China said he doubted the negotiations between the shipping company officials could end "this time."

Ferry Service Contract Signed

SK2407021490 Seoul THE KOREA TIMES in English 24 Jul 90 p 9

[Text] Six Korean firms and two Chinese companies yesterday signed an agreement to set up a joint shipping company in Seoul to launch a car ferry service between the two countries late next month, the Korea Maritime and Port Administration said.

Wei Dong Ferry Co., to be headquartered in Weihai City, Shandong Province of China, will be set up on Aug. 6 with a paid-in capital of $1 million at the same ratio between the two partners. The contract term is 10 years.

The board of directors of the firm will be composed of six each from the two parties.

A second-hand 5,300-ton car ferry, bought from Japan, will provide two to three services a week on fixed days carrying 500 passengers and 137 TEUs (twenty-foot equivalent units) to the maximum. The ferry will cruise the 230-mile distance between Inchon and Weihai in 12 hours.

The passenger fare will range from $90 to $140 according to classes.

Korean firms joining the joint venture are the Yukong Line, Dongwon Fisheries Co., Korea Long-term Credit Bank, Dongnama Shipping, Pan Continental Shipping, and Pacific Cruise Ferry Inc.

The Chinese firms are Shandong Foreign Trade Transportation Corp. and Weihai Joint Stock Shipping Co.

Thanks to the contract, a car ferry will be able to transport tourists and cargoes who want to visit Beijing during Asian Games slated for Sept. 22-Oct. 7.

The joint shipping firm will be really managed by its Seoul office, a KMPA official said.

Meanwhile, more bargaining on the opening of a second passenger route between Inchon and Tianjin is in progress to start service prior to the opening of the Beijing Asiad, the official said.

Airlines Apply for Asiad

SK2107070090 Seoul YONHAP in English 0641 GMT 21 Jul 90

[Text] Seoul, July 21 (YONHAP)—South Korea's two airlines have asked the Beijing Asian Games Organizing Committee [BAGOC] to allow 53 chartered planes to make direct flights to carry athletes and tourists to the Asian Games in September.

Korean Air has requested 35 flights and Asiana Airlines 18. BAGOC said it would receive applications for direct chartered flights early this month, a Transportation Ministry spokesman said Saturday.

He said the number of flights between Seoul and Beijing will be matched to the number of tourists after permission is given.

Determining the number of Korean tourists is difficult now, but the total flights will not exceed 50, he predicted.

Travel agents are jittery because China, while welcoming Korean tourists, has not promised sufficient lodging, sightseeing and tranportation. A guarantee of safety from the Chinese is also needed to sign up tourists, they said.

Seoul and Beijing lack official diplomatic relations, although trade has soared since the 1988 Seoul Olympic games.

State Signs Investment Agreement With Zaire

SK1907121790 Seoul YONHAP in English 1210 GMT 19 Jul 90

[Text] Seoul, July 19 (OANA-YONHAP)—South Korean Foreign Minister Choe Ho-chung Thursday met with his Zairean counterpart, Mushobekwa Kalimba wa Katana, and discussed bilateral cooperation in international scenes and the United Nations, the Foreign Ministry said.

During the talks, Choe explained to Mushobekwa major South Korean foreign policy initiatives, including the northern policy, and a policy of seeking improved inter-Korean relations and Seoul's position championing simultaneous entry into the United Nations by the two Koreas.

Mushobekwa reportedly expressed his support to South Korea's proposal for simultaneous entry into the world body.

The two ministers signed an agreement on investment protection, sharing the same view that the two nations have recently built up healthy relations both in the political and economic fields.

The 11-point agreement calls for the two nations to cooperate for mutual encouragement of investment, endowment of most-favoured nation treatment, free remittance of investment earnings and settlement of any controversial disputes through the intermediary courts.

Mushobekwa, who arrived here on Tuesday for a four-day visit, was presented with the order of diplomatic service merit during his courtesy call on President No Tae-u later Thursday. He is to take part in the opening ceremony of the Zairean Embassy in Seoul on Friday.

No Receives Credentials of New Ambassadors

SK2007022690 Seoul THE KOREA HERALD in English 20 Jul 90 p 2

[Text] President No Tae-u received credentials from four new foreign ambassadors at Chongwadae yesterday—Isdor Urian of Romania, Julio Lagarini Freire of Chile, Rodolf Alvarez Baca of Honduras and Gustabo Bucheli Garces of Ecuador.

No Tae-u Receives Romanian Envoy's Credentials

AU2307192590 Bucharest ROMPRES in English 1809 GMT 23 Jul 90

[Text] Bucharest ROMPRES 23/7/1990—On July 19, the president of the Republic of Korea, No Tae-u, received Izidor Urian who presented his credentials as ambassador extraordinary and plenipotentiary of Romania to Seoul.

First Polish Ambassador to ROK Arrives

SK2407021290 Seoul THE KOREA HERALD in English 24 Jul 90 p 2

[Text] The first Polish ambassador to Korea, Jedrzej Krakowski, arrived in Seoul yesterday to assume his post.

The Polish Embassy in Seoul opened Jan. 16 this year after Korea and Poland set up diplomatic ties Nov. 1 last year.

Coverage of GATT Issues and Geneva Conference

Trade Rules To Conform

SK2007235190 Seoul THE KOREA HERALD in English 21 Jul 90 p 6

[Text] The government will change trade regulations and practices to conform with the General Agreement on Tariffs and Trade, Minister of Trade and Industry Pak Pil-su said yesterday. Such changes are needed in the face of pressure mounting on Korea to open its domestic market wider, Pak told a conference of top business leaders on Cheju Island.

The government needs to reinforce remedial measures for industrial losses resulting from the surge in imports, he said.

He said the government will take steps to encourage imports from developing countries.

The government will help promote exports, he said.

Government agencies such as the Korea Advanced Institute of Technology will help exporting companies develop technology and improve the quality of their products, he said.

On trade with the United States, he said, the government will keep its promise to protect U.S. intellectual property rights. He said the government will continue to crack down on textbook piracy and the illegal use of U.S. trademarks.

The government will invite a buying mission from Japan to visit Korea in October, he said.

The government will push for the local production of machinery, parts and raw materials to reduce Korea's dependence on Japan, he said.

By encouraging exports and discouraging imports, he said, the government will try to balance trade with Japan.

With exports falling 8.8 percent said imports growing 3.4 percent, he said, Korea had a trade deficit of $2.4 billion with Japan during the first five months of this year.

The government, he said, will help strengthen the presence of Korean businesses in the European Community before its economic integration scheduled for 1992.

Impact on Agriculture Analyzed

SK2207031890 Seoul THE KOREA TIMES in English 22 Jul 90 p 8

[By staff reporter Chae Hui-muk]

[Text] The nation's agriculture is certain to be hardest hit when the Uruguay Round of multilateral trade negotiations are successfully completed by the end of this year. The ongoing Uruguay Round negotiations in agriculture have highlighted fundamental abolitions of all kinds of subsidies, removal of all import barriers and conversion of import barriers into the implementation of tariffs, all of which are strongly advocated by advanced and exporter nations.

Aart de Zeeuw, Dutch chairman of the agricultural group, has already circulated a draft underlining these fundamentals. Leaders of the world's seven richest democracies also reached an agreement on farm export subsidies at a recent meeting in Houston, working out "substantial, progressive reductions" in the last minutes of their three-day talks. If the framework proposed by Zeeuw materializes, the nation's agriculture will be dealt a body blow, an agricultural economist said. In fact, the Korean government has strongly subsidized agriculture, providing various kinds of protection and support to farmers. For example, the dual price system for the two major staple grains of rice and barley has been in practice for 20 years to subsidize farmers.

The dual price system, purchasing the grains at prices higher than market prices from farmers and selling them at lower than market ones, has created an aggregate 3,729.3 billion won in rice and barley. This shows how much both the government and farmers regard the two major grains as important farm products in Korea.

Due to severe price fluctuations in spice vegetable recently, the government has also introduced a stable price band to compensate for production cost in case of price fall below the lower limit of the band. The buffer stock system has also been used as a way to support prices of other farm products which decline with bumper crops. Besides these, the government has provided various kinds of short- and long-term preferential loans to farmers.

All these are classified as subsidies to agriculture in the draft on free farm product trade now under multilateral trade negotiations. Furthermore, as many as 406 farm products including rice, soybean and corns have been put under import restrictions. Of the total, the government is also scheduled to draw up a market opening timetable for a given number of items on two occasions—1992-94 and 1995-97. But the government has been experiencing difficulties in selecting items subject to liberalization although it plans to complete a list by the end of this year for the timetable for 1992-94. This is because farmers have been firmly opposed to liberalization of any crop item.

The government will also be unable to raise tariff rates on the items whose imports have already been liberalized, according to the negotiations draft. The only means that Korea will be able to use as an exception clause is the food security-related item, "nontrade concerns." But in this case, the draft said that a given quantity of domestic production should be imported. This is expected to be applied to rice in the Korean case, an official of the Agriculture, Forestry and Fisheries Ministry said.

Korea is helpless in the Uruguay Round negotiations as there are few countries who share similar contentions. In this connection, President No Tae-u instructed that all the diplomatic efforts focus on the negotiations in agriculture, ordering Deputy Premier-Economic Planning Minister Yi Sung-yun to collaborate with the Agriculture, Forestry and Fisheries Ministry.

In the negotiations, the government plans to make efforts to secure as long a grace period as possible after the new multilateral trade pact is formulated. This is because the nation's agriculture needs much time for restructuring.

The government will also make all-out efforts to exclude major farm products from the list of import liberalization and expand permissible supportive measures as much as possible during the remaining five-month negotiation period. Internally, the current subsidy-oriented agricultural policy will be switched to the welfare sector in the rural community. Rescue system of industries from massive imports will be utilized maximally in the agricultural sector in case of liberalization, along with a strict quarantine system. The government is also considering rewriting the tariff system in a direction to protect domestic agriculture.

It is noteworthy that domestic farmers have cried out astoundingly over the market opening of some products in 1989 and this year. The government has even put aside as much as 506.1 billion won to compensate for damages from imports for five years till 1993. But the problem is that such subsidies are doomed to be abolished if the new trade order is established.

Although the government is determined to minimize the impact of the UR negotiations, it is certain that the nation's farmers will have the toughest time in the 1990s—to survive hardship or go bankrupt.

Grain Exclusion Sought

SK2307075090 Seoul YONHAP in English 0620 GMT 23 Jul 90

[Text] Seoul, July 23 (OANA-YONHAP)—South Korea will make all-out efforts in the Uruguay Round of trade negotiations to have grains excluded from the list of items for import liberalization.

In the trade negotiations committee agricultural group, meeting Monday in Geneva, Switzerland, Korea will try to get a draft agreement presented by Aart De Zeeuw, group chairman, revised in its favor. If De Zeeuw's draft is adopted, Korean agriculture will be dealt a severe blow, Cho Kyu-il, assistant agriculture, forestry and fisheries minister, told reporters Saturday.

Cho said he will stress in Geneva that Korea is unable to accept the liberalization of major farm products for security and other reasons.

The meeting is to finalize an agreement in the agricultural area to be presented to the ministerial conference in December, but it is unclear whether that will be possible.

Cho said he will urge that developing countries be granted a longer grace period than advanced nations in the liberalization of farm products and will try to get many agricultural subsidies excluded from the list of reductions. Fundamental abolition of all kinds of subsidies is a major demand of advanced and exporter nations.

Cho said he will contact representatives of importer nations such as Japan and Switzerland, as well as delegates from the European Community and Scandinavian countries, to seek their support.

Editorial on Policies

SK2207032890 Seoul THE KOREA TIMES in English 22 Jul 90 p 6

[Editorial: "Uruguay Round Talks"]

[Text] Alarms have been sounded over the possible growing international pressure to open the country's markets wider as the deadline for settlement of the Uruguay Round of global trade negotiations draws nearer. If the Uruguay Round talks are completed by the year-end, Korea, like other developing countries, will no doubt be rolled on stormy waves of economic turbulence.

True, the settlement of the four-year multilateral trade negotiations will have an enormous and far-reaching impact upon the Korean economy, covering a wide gamut of industries from agriculture to services.

Belatedly sensing the significance of its effect, President No Tae-u has started to flex muscle by directing the Cabinet to map out a package of measures aimed at minimizing the post-Uruguay Round damage.

Briefly, the current multilateral trade negotiations, rather better known as the Uruguay Round talks, have focused on liberalizing global commerce in agriculture and services since they were launched in 1986, with their settlement scheduled for December. It is true that the government has paid little attention to the multinational trade talks now under way within the framework of the General Agreement on Tariffs and Trade (GATT), which has governed trade in goods for more than 40 years. This was ostensibly because of poor progress in the bargaining involving 97 GATT member nations.

A key stimulus getting officials to roll up their sleeves was a recent agreement by the leaders of the world's wealthiest states (the Group of Seven) on the gradual elimination of farm subsidies during their Houston meeting—one of the thorny issues on which the United States is seeking a compromise over the opposition of many countries including most Western European nations.

There is no denying that Third World nations have been worried that denied protection, their infant industries would be overwhelmed by competition from industrialized countries. Korea can not be an exception. In this view, combined national efforts and strategies are in order to cope actively with the mounting market-opening pressures.

The fresh demand for market opening is quite different from on- again, off-again trade friction which we have seen in merchandise commerce—an obvious concern confined to either the government or export businesses. In short, the non-merchandise trade has a wide-ranging effect on the overall economic life at the grassroot level as it is directly tied to the livelihood of farmers, fishermen, and others engaged in service businesses.

Accordingly, the market-opening issue is not a matter which is tied only to government officials. It is a matter of national concern needing cooperation from all people. At this critical juncture, what is recommendable first is the nation's positive participation in all working-level negotiations to present a position suitable to the status of its economic development and condition of market maturity.

On top of this, an overall overhaul of the nation's industrial and economic policies and structures are urgently needed for the sake of protecting farmers and those engaged in service businesses, who are expected to be hit hardest. For example, if the Uruguay Round trade talks are settled in the direction of industrialized nations, Korea is doomed to liberalize the import of all 406 agricultural products presently restricted.

As a matter of fact, there is mounting concern about the foray of advanced countries in some sectors. Nonetheless, the post-Uruguay Round trade will not necessarily be completely disadvantageous to Korea. Whether it will be a gain or loss to the nation largely hinges upon how effectively and promptly it copes with the rapid-changing situation.

It would be wise for both the government and businesses to avail themselves of the liberalization of world trade to further expand their export markets and revamp the industrial and economic structure in order to enhance the competitiveness of markets and goods as well.

EC Expands Antidumping Duties on ROK Goods

SK2407015690 Seoul THE KOREA HERALD in English 24 Jul 90 p 6

[Text] The antidumping duties levied by European Community member countries on Korea's color TV exports have recently spread even to third countries' products using Korean-made picturetubes, dealing another blow to this country's electronic exporters.

The customs officials in Britain have begun to impose a 19.6 percent dumping charge on color TVs shipped from Hong Kong which use Korean cathode-ray tubes, according to sources and business officials at the Ministry of Trade and Industry yesterday. The dumping rate is equal to what has been imposed on Korea's finished color TV products in the EC market since April.

As a result, some Southeast Asian exporters of color TVs, including Hong Kong, China and Singapore, are increasingly reluctant to import the picture tubes, the most important components of color TVs, from Korea, they said.

Korea's picture tube exports totaled $624 million last year and are expected to top $700 million this year, some 40 percent of which are first shipped to the Southeast Asian countries before reaching the United States and EC.

In sharp contrast with the troubles facing the color TV exports to Western Europe, the shipments to their Eastern counterparts are so brisk that some Korean exporters cannot even deliver their products on time, the business sources said.

The assembly lines of color TV makers are now operating at full capacity but the supply has fallen far below the demand from East Europe in the wake of their democratic reform wave.

Some makers are utilizing their factories in Hungary and Portugal by sending parts and components for final assembly there, while others adopt a selective stance in order receipts such as picking up more profitable and high value-added items and models.

In the first six months of the year, color TV exports to the East-bloc countries, including the Soviet Union, and the Middle East nations increased more than 150 percent from a year ago. Since April, the export negotiations with Yugoslavia, East Germany, Hungary and Czechoslovakia rose 300 percent or more from a year earlier, they said.

No Rejects Call for Early General Elections

SK2407071290 Seoul YONHAP in English 0649 GMT 24 Jul 90

[Text] Seoul, July 24 (OANA-YONHAP)—President No Tae-u and his lieutenants in the ruling Democratic Liberal Party (DLP) rejected calls for early general elections Tuesday as running counter to the "national consensus and people's expectations."

The top four men in the DLP decided to recommend to National Assembly Speaker Pak Chun-kyu that he return the resignations of the 80 opposition and independent lawmakers handed to him in protest against the irregular passage of controversial bills by the Assembly on July 14 and demanding local elections.

No was meeting with DLP Chairman Kim Yong-sam, Kim Chong-pil and Pak Tae-chun at Chongnamdae, a presidential summer retreat south of Seoul.

Presidential spokesman Yi Su-chong quoted No as saying: "The opposition's call for dissolution of the National Assembly and for general elections is unconstitutional. It could disturb constitutional order and upset the stability of people's lives."

But the four agreed to actively seek dialogue with the opposition after a cooling-off period to solve difficulties facing the nation, Yi said.

All 70 lawmakers from Kim Tae-chung's Party for Peace and Democracy (PPD), eight from the Democratic Party and two independents tendered their resignations from the Assembly on Monday, making it virtually a one-party legislature and causing fears of an acrimonious political confrontation between the ruling and opposition camps.

The opposition lawmakers say they will not retreat from their decision to quit the unicameral Assembly and struggle against the government outside parliament until their demand for elections is met.

No said extra-parliamentary actions could hurt the economy by discouraging investment and endangering industrial peace.

"We should exert our national power to stave off challenges inside and outside, including the Uruguay Round," Yi quoted No as saying.

No called for supra-partisan cooperation on North Korea, terming his call for "grand inter-Korean exchanges of people" an inevitable stage on the way to unification of Korea, Yi said. North Korea rejected No's proposal.

The DLP leaders also agreed to seek negotiations with the opposition on revision of the National Security Law and implementation of local autonomy, the spokesman said.

The opposition insists, along with North Korea, that the stiff National Security Law must be scrapped because its ban on contact between South and North hampers inter-Korean exchange and prevents unification.

Dissident Arrested in DLP Lawmaker's Car

SK2007031090 Seoul THE KOREA TIMES in English 20 Jul 90 p 3

[Text] Kwangju—Police yesterday hauled away a ruling party lawmaker's sedan to arrest Yi Chi-hyon, 39, leader of an association of the injured in the 1980 Kwangju massacre.

Yi was in the back seat together with Rep. Kim In-kon of the Democratic Liberal Party on their way to a downtown restaurant in this city, when he was spotted by police.

A police tractor was employed to tow the car with both Yi and lawmaker Kim on board.

"As Yi refused to get out for about five hours, the forcible towing of the car was unavoidable," a police spokesman here said.

Yi, chairman of the Society for the Injured Civilians in the Kwangju Popular Uprising, has been wanted by police for his alleged role in organizing illegal anti-government rallies in Seoul and Kwangju last year.

The car was towed at around 5:30 p.m. to a police station in this city, an opposition stronghold.

Pak Yong-sun, 37, secretary general of the society, was also in the car.

Some supporters of dissident Yi wildly protested the police towing, creating a commotion which resulted in slight injuries to several protesters.

About 200 police troopers, surrounding the car on its way to the police station, wielded truncheons to break up protesters who stood along the way.

Lawmaker Kim, who had originally belonged to Kim Chong-pil's New Democratic Republican Party, told reporters that he tried in vain to persuade Yi to surrender to the authorities.

It was still unknown how and why the lawmaker met the dissident leader who has been on the run for about one year.

Bank Official Urges Financial Restructuring

SK2307061690 Seoul YONHAP in English 0530 GMT 23 Jul 90

[Text] Seoul, July 23 (YONHAP)—A rational restructuring is urgent for South Korea's financial sector to become internationally competitive and resist mounting pressure on Korea to open its service markets, Yi Yong-man, superintendent of the office of Bank Supervision and Examination, told a seminar Sunday. Yi said the biggest challenge facing the financial industry in the 1990s was to cope effectively with economic globalization and the formation of regional economic blocs.

Yi was attending a seminar on changes in financial circumstances and countermeasures hosted by the Korea Human Development Institute on Cheju Island. Yi suggested adjusting interest rates through substantial liberalization, fostering foreign currency markets, creating a free market system of foreign exchange rates, normalizing the money flow and strengthening supervision of financial organizations for healthier management.

To achieve substantial liberalization of interest rates, he recommended restructuring long- and short-term interest rates and liberalizing all interest rates, including rate on bank deposits, on a gradual basis.

He called for balanced growth between banks and secondary financial organizations, while improving the efficiency and safety of local financial systems.

Each financial organization has to expand centering around its own speciality so that a universal banking system, as in advanced nations, can be set up, he added.

Economic Minister Comments on Expanding Budget

SK2407023890 Seoul YONHAP in English 0238 GMT 24 Jul 90

[Text] Seoul, July 24 (YONHAP)—To balance the 1991 budget, the cash-flush South Korean Government will increase spending more than 20 percent, Economic Planning Minister Yi Sung-yun said Monday.

"Tight budgets over the last decade have restricted building of social infrastructure, resulting in a bottleneck for private production activities," Yi told reporters.

The 1989 budget of 19.228 trillion won (26.89 billion U.S. dollars) accounted for 13.6 percent of the national gross product of 141.066 trillion won (197.29 billion dollars). The budget was nearly 17 percent of GNP in the early 1980s.

Greater spending on welfare has reduced the money for public investment, the chief economic policy-maker, who is also deputy prime minister, said.

Yi said: "The ratio of government investment to GNP has shrunk to 3.9 percent these years from 4.6 percent in the early '80s, restricting industrial activities and lowering the quality of national life.

"The government needs 27 trillion won (37.76 billion dollars) to improve urban traffic and 22 trillion won (30.76 billion dollars) to finance west coast development projects during this decade. The electricity reserve ratio will drop to 9 percent next year, requiring 15 trillion won (20.97 billion dollars) by the end of this decade."

"Now is the time for the government to recover a proper role as a public investor to help achieve economic development."

The increase in spending will not have an inflationary impact as the budget will be balanced, he said. Many analysts fear rapid price rises if the government bloats the budget.

"Although government expenditure increases, most of it will go to public investment, and this will, on the contrary, contribute to stabilizing prices by cutting production costs in the private sector," Yi said.

The government has been trying to arrest inflation below single digits in recent months.

"In the '70s and '80s, employment expansion, helped by a glut of manpower, led the economic growth, however, at this time of manpower shortage, economic growth should depend on increases in productivity," Yi said.

"Rising productivity can be obtained by building sufficient infrastructure as well as technology innovation efforts by private enterprises."

Burma

More Anti-Government Demonstrations in Rangoon

BK2407102790 Hong Kong AFP in English 1018 GMT 24 Jul 90

[Excerpt] Rangoon, July 24 (AFP)—Groups of youths demonstrated here Tuesday, shouting slogans against Burma's military authorities, eyewitnesses said. No arrests appeared to have been made despite the heavy presence of troops and riot police on the streets of this capital city of three million, they said.

Two groups of youngsters, apparently high school students numbering about 100, converged on the city center before swiftly melting into a crowd of bystanders. A similar incident took place Monday.

In each day's demonstrations, the students shouted slogans and distributed leaflets demanding the prompt transfer of power by the military to the National League for Democracy (NLD), which swept general elections in May. They called for the release of NLD leader Aung San Suu Kyi, the 45-year-old daughter of Burma's late independence hero General Aung San. She has been under house arrest for more than a year. On Tuesday, the slogans also included a call for the NLD to "make more efforts towards realizing the desires of the people," an apparent protest against the non-confrontational attitude of the NLD leadership despite the fact that the military has made no preparations to transfer power. [passage omitted]

'Secret' NLD Contacts With Khun Sa Reported

BK2407031990 Bangkok BANGKOK POST in English 24 Jul 90 p 1

[Text] Burma's National League for Democracy (NLD) has had "secret" contacts with Khun Sa's Maung Tai Army (MTA) about setting up an autonomous Shan State if the NLD gains power in Rangoon, but so far there have been no negotiations, says the MTA.

Burma's ethnic-based parties submitted a joint statement to the NLD calling for a constitution based on federated states, MTA political chief Kwon Mong told the BANGKOK POST. The NLD policy remains unclear, he said, but it had responded with a proposal to hold an assembly to settle the matter once there has been a transfer of power from Gen [General] Saw Maung's ruling junta. Kwon Mong said he felt the NLD wanted to talk peace with the ethnic groups, but it was unlikely Gen Saw Maung would allow a radically different constitution.

Khun Sa told the POST that Burma's State Law and Order Restoration Council would hand over power on condition that their lives and property would be secure.

The Golden Triangle kingpin said he had not yet seen any draft of a new constitution, but Saw Maung wants to take territory from the Shan state and give it to their enemy, the Wa. "They haven't drafted the constitution yet, but they are already talking about splitting our family," he complained. The MTA general said such a move would face strong opposition from the Shan, but for now he would "wait and see."

He ruled out MTA involvement in Burmese politics. "It will not be in the interests of the Shan people to support any party. The Burmese have been knocking our heads for so long that it's time we take a rest and enjoy the Burmese knocking each other," he said.

The self-styled Shan leader said the independence issue could be settled if Britain agreed to mediate. "If the British, who have been witnesses in the past, will come and mediate between us I think the independence issue can be settled without having to fight."

The British representative who attended the drafting of the Panlong Agreement of 1947, which brought frontier territories into the Burmese union, is still alive and could act as mediator, Khun Sa said.

As for fighting with the Wa, which had recently escalated at Doi Lang, the MTA general said peace would come "sooner than you think".

Paper Says Khun Sa Denies Ouster of Korn Jern

BK2407033990 Bangkok BANGKOK POST in English 24 Jul 90 p 6

[Text] Mae Hong Son—Golden Triangle drug warlord Khun Sa has denied seizing power in a bloodless coup to oust Gen [General] Korn Jern, president of the Tai-land Revolutionary Council (TRC).

Speaking to reporters at his Hua Muang camp opposite Muang District, the drug kingpin claimed rumours of a power seizure must stem from his enemies, who fear his group will be stronger. The reports had an impact on the group's top administrators, but this had been cleared up, he said.

He contacted Gen Korn Jern after the news was published, so he would understand the situation, he said.

Khun Sa said such incidents had never occurred before in his army, the MTA, and he believed they never would. But if anyone wants to take up the challenge, he said he will personally kill him.

Khun Sa, who will turn 57 this year, said his army has already chosen heirs, but declined to elaborate. A total of 26 groups fighting for sovereignty are under the umbrella of his army.

He claimed Burma and China want to rule the Shan State because of its natural resources. "So we have to fight to keep foreign forces from our soil." He claimed this was why other people branded him bad, but only Gen Korn Jern understood and agreed to merge with his group. Gen Korn Jern was later appointed president of Khun Sa's army.

His army still has a lot of problems to overcome, so it is impossible for him to seize power from Gen Korn Jern, he said. "Even my position as deputy president I am ready to hand to anyone who wants to replace me," Khun Sa said. [sentence as published]

Cambodia

U.S. Team To Examine Possible MIA Remains

BK2407053890 Phnom Penh SPK in English 0438 GMT 24 Jul 90

[Text] Phnom Penh SPK July 24—A U.S. military team arrived in Phnom Penh Tuesday morning to examine possible remains of American servicemen missing in action (MIA) in Cambodia.

The six-member team of forensic experts headed by Lieutenant Colonel Joe B. Harvey, is the first to travel to Cambodia since the end of the American war in Indochina in April 1975.

The team, which took off from Bangkok's military airport on a U.S. Air Force C-141 transport plane, flew directly to Phnom Penh for a two-day visit, the first U.S. aircraft to come to Cambodia since 1975.

The team was sent to Cambodia a few days after a switch in U.S. policy toward the country had been announced, according to which the United States would withdraw its recognition of the Coalition Government of Democratic Kampuchea's UN seat and open a dialogue with Vietnam on Cambodia. This constructive U.S. move, which was aimed at preventing the return to power in Cambodia by the Khmer Rouge held responsible for the death of millions of Cambodians during their rule over the country from 1975-79, has drawn welcome and support from broad sections of the world public. It came as a result of the "significant progress" achieved at the fifth round of talks of the five permanent UN Security Council members in Paris on July 18.

Always regarding the MIA issue as a humanitarian one, the Cambodian Council of Ministers decided in June this year to set up a commission to coordinate joint operations in search for U.S. servicemen missing in action (MIA's) in Cambodia during the U.S. Indochina War.

The commission has been assigned the task of contacting the authorities of provinces and cities concerned and cooperate with U.S. technical teams in search of the remains of American MIA's in Cambodia.

Cambodian Deputy Interior Minister Khim Pon has been appointed head of the five-member commission, and Deputy Foreign Affairs Minister Long Visalo, its deputy head.

The United States and South Vietnam troops crossed into Cambodia in April 1970 in a failed attempt to destroy communist bases in this country. They withdrew in June of that year, but the U.S. Air Force conducted bombing strikes on Cambodia until August 15, 1973.

Of the total of 2,253 American servicemen still listed as missing in Indochina as cited by AFP, 83 were believed to have disappeared in Cambodia.

In October last year, General John Vessey, special U.S. presidential envoy on MIA's, told a press conference in Bangkok that the United States had prepared to receive remains of U.S. soldiers from Cambodia.

In June, Senator Charles Robb sent a letter to Phnom Penh asking that U.S. experts be allowed to come to the country to search for what may be remains of U.S. MIA's.

Earlier this month, Richard Boucher, deputy spokesman of the U.S. State Department, acknowledged that the Phnom Penh authorities had agreed to allow a U.S. technical team to come here in late July to carry out the search.

This is the first time that the United States and the Cambodian governments cooperated in the search for the remains of American MIA's since the country was liberated from the genocidal Pol Pot clique in early 1979.

Khieu Samphan Human Rights Statement Criticized

BK2107073590 Phnom Penh Domestic Service in Cambodian 1300 GMT 20 Jul 90

[Station commentary: "Is It a Mistake or a Crime?"]

[Text] On 16 July, when asked by a correspondent of the French newspaper LE FIGARO about the violations of human rights during the Khmer Rouge rule from 1975-79, Khieu Samphan answered arrogantly that those acts were just a mistake. This ringleader of the genocidal clique shamelessly said further that such a violation will not occur again. The Cambodian people as well as peace- and justice-loving world opinion would like to ask: Is it true that the massacre of over 3 million Cambodian people within a period of only three years, eight months, and 20 days is just a mistake?

The insane acts committed by the traitorous Pol Pot clique and its henchmen are genocidal acts against their own race, unprecedented to mankind. These crimes not only affected the Cambodian nation but also constitute a violation against mankind and the 1948 convention on the prevention and suppression of genocidal crimes. These genocidal crimes were tried within our national framework in 1979 with the participation of a number of international lawyers.

During the past 11 years, lawyers in many countries have firmly demanded that the ringleaders of the criminal Pol Pot clique be sent to trial before the World Court in The Hague, just as the Hitlerite fascists were put on trial in Nuremburg. Therefore, Khieu Samphan's comment that those acts were just a mistake is the most abominable, deceitful statement.

It is regrettable that until now the elements in this genocidal clique who are responsible for these barbarous and brutal crimes have not been punished. Moreover, some countries that have continuously boasted that they are the defenders of human rights have continued giving all kinds of assistance to blaze a trail for this clique to return to Cambodia. The Cambodian people would like to remind them that the genocidal crimes in Cambodia were not a mistake but an intentional and premeditated act. This crime is being renewed vigorously, particularly in the Cambodian refugee camps controlled by the Khmer Rouge.

At the beginning of January, the Australian Lawyers Association within the International Lawyers Association appealed for the convening of an international conference for relief of refugees in various camps under the Khmer Rouge's control and called for a trial of the Pol Pot clique and its ringleaders by the World Court for their violations of human rights.

At the meeting of the Human Rights Commission on 23 February, delegates also condemned the Khmer Rouge's control of refugee camps and called on the UN Human Rights Commission to send delegations to these camps to inspect the violations of human rights there by the Khmer Rouge.

These events are sufficient evidence to refute Khieu Samphan's deceitful statement that such a violation will not occur again.

At the beginning of this year, the Philippine newspaper OBSERVER pointed out the need to mobilize all international efforts to isolate the Pol Pot clique and prevent it from being able to strengthen its forces and impose its brutal rule on the Cambodian people, stressing that this is because even if it is given another 100 years, let alone the past 10 years, the clique will never change its nature.

It is in this connection that the Cambodian people welcome the statement issued in Paris on 18 July by U.S. Secretary of State Mr. James Baker on the U.S. decision to drop its recognition of the Cambodian National Government's UN seat [words indistinct] Pol Pot clique from returning to power. In the name of mankind and for the sake of human rights, the Cambodian people hope that the governments of many other countries will follow the U.S. example.

This constitutes not only a heavy blow to the Khmer Rouge, but it is also a key for speeding up the settlement of the Cambodian problem. Having suffered unforgettable miseries under the yoke of the traitorous Pol Pot clique, the Cambodian people pledge to do anything possible to prevent the genocidal clique from returning to power in whatever form.

SPK Reports 256 Returnees to Siem Reap

BK2107073890 Phnom Penh SPK in English 0602 GMT 21 Jul 90

[Text] Phnom Penh SPK July 21—In the first six months of this year, Siem Reap-Oddar Meanchey Province (300 km northwest of Phnom Penh) received 256 men who deserted the enemy ranks in the three Khmer opposition factions and crossed over to the community.

The ralliers, including 79 Polpotists, 75 Sonsannians and 102 Sihanoukists, brought along 216 firearms.

In 1989, the province received a total of 1,373 returnees armed with 1,372 guns.

VOK Cites Sihanouk, Son Sann on Council

BK2307063290 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 23 Jul 90

[Text] Cambodian President His Royal Highness Samdech Norodom Sihanouk has again ruled out formation of a supreme national council in Cambodia without the presence of the Khmer Rouge. The samdech said: The supreme council cannot be convened as long as the Khmer Rouge does not join it.

In the meantime, in a television interview in Paris, His Excellency Son Sann, president of the Khmer People's National Liberation Front and prime minister of the National Government of Cambodia, said: The Cambodian quadripartite coalition, including the Heng Samrin regime, should be seated in the United Nations. He would invite the other two resistance parties and the Heng Samrin regime for an official meeting to set up the supreme national council in Cambodia. He added: The supreme national council can be seated in the United Nations.

Khieu Samphan Statement Outlines Party's Stance

BK2407065190 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 23 Jul 90

[Statement by Khieu Samphan, president of the party of Democratic Kampuchea; dated 23 July—read by announcer]

[Text] 1. One of the basic UN principles clearly states that various nations and peoples, small or large, have equal rights and that all people have the right to self-determination free from any external interference or coercion. This is a sacred principle which countries the world over and in particular the member states of the United Nations should faithfully, strictly, and unconditionally respect and adhere to so as to maintain order and safeguard security and peace in the world.

2. Cambodia, which is an independent and sovereign state and a full right and legitimate member of the United Nations, always respects and correctly implements this sacred UN principle. The Cambodian people

neither trouble nor invade any country. They never interfere in any near or distant country's internal affairs. However, the Cambodian people, like other peoples the world over, have their own sacred right to self-determination in administering their own internal affairs free from any external interference or coercion.

3. Nevertheless, the Vietnamese Hanoi authorities, who are also a UN member, sent hundreds of thousands of troops to cruelly and barbarously invade and occupy Cambodia on 25 December 1978. To date, the Vietnamese have invaded and occupied Cambodia for nearly 12 years. During this period of time, the Vietnamese Hanoi authorities and their lackeys have perpetrated extremely criminal, devastating, murderous, and painful acts. The whole world and historians were so shocked by the horrible crimes and devastation caused by the First and Second World Wars, which altogether lasted only 8-9 years. Now that the Hanoi authorities and their lackeys have been waging an extremely devastating and murderous war against tiny Cambodia and the few and weak Cambodian people for the past 12 years— and there is no end in sight— how serious would the crimes and destruction be? To the history of Cambodia and that of the world, this is more than shocking. To all of mankind, this is more than shocking.

Through all of this, the world can clearly see the cause of the struggle conducted by the Cambodian people. At present, the Cambodian people are struggling for the survival of Cambodia as a nation, as a country which should be allowed to enjoy the right to self-determination within its territorial integrity. Also through all of this, the world can clearly realize that the Cambodian nation and people have the full right and capability to choose their own destiny.

4. The world has clearly seen that the Vietnamese Hanoi authorities' brutal and barbarous aggression against Cambodia not only affects a nation's right to self-determination, but it is also the most insolent violation of the sacred principle of international law and the UN Charter. Moreover, it constitutes a threat to security and peace in Southeast Asia, the Asia-Pacific region, and the world. That being the case, the world has been denouncing the Vietnamese Hanoi aggressors from all directions for nearly 12 years. Every year for 11 years, the UN General Assembly strongly denounces the Vietnamese Hanoi aggressors and demands that they withdraw all categories of their invading forces from Cambodia unconditionally and respect the Cambodian people's rights to self-determination without outside interference or coercion. However, the Vietnamese aggressors stubbornly continue to occupy Cambodia and to slaughter the Cambodian people every day. The Vietnamese Hanoi aggressors do not only spurn and encroach upon the annual UN resolutions and the earnest international demand, but they have also carried out all types of maneuvers to legalize themselves as aggressors and eliminate the patriots fighting the Vietnamese aggressors for Cambodia's rights to self-determination. This is a theory advocated by the Vietnamese head thieves who repeatedly shout, Stop thief!

If a country is allowed to violate another nation at will, disrespecting international law and the principle of relations between state and state and between nation and nation as prescribed by the UN Charter, what will the world order become?

5. As such, how can the war of aggression waged by the Hanoi authorities and their lackey puppets be resolved?

The war must be settled comprehensively according to the spirit of international law and the UN Charter. The key issues are:

1. The Hanoi authorities as the aggressors should withdraw all types of their aggressor forces from Cambodia.
2. The United Nations should play a more enhanced, comprehensively controlling role.
3. The four Cambodian parties should jointly take part in the settlement and jointly implement all agreements in the solution.

Only with the participation of all four parties can there be genuine national reconciliation and can we correctly implement international law and the UN Charter which stipulates that the people of each country have the right to decide their own destiny.

6. The National Government of Cambodia [NGC] and the Cambodian National Resistance Forces [CNRF] under the leadership of His Royal Highness Samdech Norodom Sihanouk have achieved continuous victories in fighting against the Vietnamese aggressors for nearly 12 years in order to liberate the nation. This has proved that the CNRF have been supported by the people. Without popular support, successes can never happen.

In order to correctly and fairly resolve the Cambodian problem according to the principle of democratic rights and freedom, the Cambodian people should be allowed to exert their rights to self-determination and choose their own leaders free from external coercion. The Cambodian people themselves will decide who is good or bad through free and fair elections.

In the spirit of resolving the Vietnamese war of aggression against Cambodia with fairness and without suspicion and to prevent any Cambodian party from having the upper hand on any other party, the CNRF and the NGC have called for the presence of a UN peacekeeping force and a UN control mechanism in Cambodia.

Moreover, the highly patriotic virtue and ethics of the CNRF and NGC is proven by the fact that the CNRF and NGC have agreed to accept the puppet regime installed by the Hanoi authorities' act of aggression as a partner in the settlement of the Cambodian problem. The CNRF and NGC genuinely want national reconciliation and restoration of security and peace to the

Cambodian nation and people. In fact, the Vietnamese-installed regime is a traitorous and illegal regime which sells out and ruins the nation.

7. For nearly 12 years, the majority of the countries and governments the world over have continuously supported the Cambodian people's struggle and protected the UN seat held by the NGC headed by Cambodian President His Royal Highness Samdech Norodom Sihanouk. They have also demanded that the Hanoi authorities withdraw all their aggressor forces from Cambodia. This is not only a correct and just position, but it has also made an important contribution to safeguarding the UN Charter, international law, peace, and stability in Southeast Asia and the whole world. The position is to ensure that the UN Charter and international law prevail over the law of the jungle and the use of force.

The Cambodian people with their current struggle have no other aim than protecting their right to live as a nation and a people with national pride, tradition, civilization, and rights to self-determination in an independent, neutral, and nonaligned Cambodia within its territorial integrity.

In their struggle, the Cambodian people have actively joined forces with the countries and people in Southeast Asia, the Asia-Pacific region, and the world so as to safeguard security and peace in Southeast Asia, the Asia-Pacific region, and the world as well.

The Cambodian people would like to express their profound and unforgettable thanks to all the people and governments of ASEAN as well as the people and governments in the Asia-Pacific region and the world for having given them justice. The Cambodian people also ask them to continue providing steadfast assistance and support until the Vietnamese war of aggression against Cambodia is comprehensively settled in conformity with the spirit and principle of the UN Charter which is opposed to an act of aggression and respects the rights of Cambodia and the Cambodian people to self-determination free from external interference or coercion. Moreover, this is a contribution to preserving security and peace in Southeast Asia, the Asia-Pacific region, and the world.

[Dated] 23 July 1990

VONADK on 52 Workers in Phnom Penh Arrested

BK2407082390 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 23 Jul 90

[Text] According to a report from Phnom Penh, following the explosion of seven plastic bombs in the heart of Phnom Penh city on 13 July, the aggressor Vietnamese enemies and the Vietnamese puppet-lackey traitors have continued to arrest and detain people in Phnom Penh. In two days, that is on 19 and 20 July, the aggressor Hanoi authorities and their lackeys, the traitorous Hun Sen-Heng Samrin puppets, arrested 52 more rickshaw drivers and workers in Phnom Penh, accusing them of detonating the plastic bombs and colluding with those who detonated the bombs.

By now no one knows the fate and whereabouts of those 52 workers who were arrested by the Vietnamese aggressors and their puppets. The wives, children, parents, and relatives of those workers are crying and worrying about the fate of those workers and condemning and cursing the Vietnamese aggressors and their lackeys—the Hun Sen-Heng Samrin traitors.

Preparations for Kompong Thom Attack Reported

BK2107052790 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 20 Jul 90

[Text] At present more people and their children, male and female youths, in various villages, communes, and districts and on major battlefields have actively joined in transporting food supplies, weapons, and ammunition for our national resistance forces, which are fighting against the Vietnamese aggressors and the Vietnamese puppet-lackeys, traitors Hun Sen and Heng Samrin.

On 12 and 13 July alone, 537 more people and youths from various villages and communes in Stoung, Santuk, and Kompong Svay Districts of Kompong Thom Province jointly transported food supplies, weapons, and ammunition for our national resistance forces in preparation for their renewed attack against the Vietnamese aggressors and their puppet-lackeys, traitors Hun Sen and Heng Samrin, in Kompong Thom town.

Our people and their children, male and female alike, have willingly and actively transported ammunition, food supplies, and weapons for our national resistance forces with a spirit of great national unity to jointly drive the Vietnamese aggressors out of Cambodia and with confidence in our national resistance forces' victory in their fight to liberate Kompong Thom town in the near future.

VONADK on 15-16 Jul Resistance Attacks

BK2407092790 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 23 Jul 90

[Text] On 15 July, our Cambodian national resistance forces launched a three-pronged attack on three Vietnamese-puppet company positions at Angkor Chey, at Trapeang Chrey, and at the railway station in Kompong Trach District. The first prong attacked the Vietnamese-puppet company position at Angkor Chey monastery, the second prong headed toward the company position in Trapeang Chrey village, and the third prong aimed at the company position defending the railway station. We began our attack simultaneously at 0400 [2100 GMT]. After fighting for 35 minutes, we gained total control over these three fronts. We killed 13 enemy soldiers, including a battalion commander and a Vietnamese expert; wounded 19 others; and destroyed a 60-mm mortar, two B-40's, three AK's, two drum-magazine machineguns, 20 barracks, and some war materiel.

At 0800 [0100 GMT] on 16 July, the Vietnamese enemies and their puppets mobilized 200 troops from Kompong Trach and Chi Lok to attempt to seize the dead bodies of their colleagues and these positions from us. These troops were ambushed by our forces on the way to these areas. After three hours of fighting, they were routed and fled back in disarray. We killed three enemy soldiers and wounded 22 others.

On the same day, our forces attacked Damnak Kantuot and O Sleng communes. We killed an enemy soldier; wounded two others; destroyed two commune office buildings and some war materiel; liberated eight villages, namely Trapeang Chrey, Damnak Kantuot, O Chranieng, Chamka Svay, Chamka Kaosu, Angkor Chey Ti Muoy [Number 1], Angkor Chey Ti Pi [Number 2], and O Sleng; and freed 25 village and commune administrators and 30 inhabitants who had been forced to serve the puppet army by the Vietnamese enemies and their puppets.

At noon the same day, the Vietnamese enemies sent out two truckloads of fresh Vietnamese troops from Vietnam and 50 Cambodian soldiers in an attempt to seize these positions, villages, and communes from us. They were ambushed and forced to turn back by our forces at an area 500 meters north of Kompong Trach market. We killed five enemy soldiers and wounded three others. At the same time, we fired artillery shells into Kompong Trach market, killing or wounding a number of Vietnamese enemies and their puppets.

During these attacks, we seized four drum-magazine machine guns, an M-30, two B-41's, a 60-mm mortar, 15 AK's, and a large quantity of assorted ammunition and war materiel.

VONADK on 15 Jul Attack in Banteay Srei

BK2207042590 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 21 Jul 90

[Text] On 15 July, our national resistance forces attacked and swept the Vietnamese enemies and their puppets off areas from Khna Rongvoas to Pradak village in Banteay Srei District on Siem Reap battlefield. As a result:

1. We destroyed three company positions located at Trei, Khna, and Ta Koh villages and cut off several sections of road stretching from Trei to Ta Koh.
2. We destroyed all the defense networks of Banteay Srei District.
3. We destroyed all the company positions of the Vietnamese enemies and their puppets at (Ream Chea), completely liberated all administrators in Khna Sandek village, and dispersed and routed three companies of Cambodian soldiers.

Liberation of District in Siem Reap Claimed

BK2307033890 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 22 Jul 90

[Text] On 17 July, we attacked and completely liberated the Angkor Chum District township [Siem Reap-Oddar Meanchey Province] at Don Sva and the networks defending Angkor Chum District at Bat, Don Neav, and Don Sva villages.

We seized 21 AK assault rifles, two B-40 rocket launchers, five B-41 rocket launchers, two AR-15 assault rifles, a pistol, 23 K-54 guns, three ICOM radio-communication sets, two telephones, 70 army uniforms, 25 hammocks, and a significant quantity of assorted ammunition. We killed 12 enemy soldiers and wounded 15 others and destroyed 70 assorted guns, a uniform depot, a medicines depot, two vehicles, two tanks of fuel, a Soviet-made field radio, two district office buildings, 28 barracks, two ammunition depots, and 100 sacks of rice. We liberated a district office building; the communes of Don Peng, Ta Saom, and Cha Chhuk; and the following 20 villages: Don Peng, Bat, Koul, Khvav, Khan Sar, Don Meav, Bai Mat, Beng, Trapeang Thlong, Wat Svay, Kouk Chan, Kouk Rik, Kar Rolum, Wat Kralanh, Ta Leav, Pram Damloeng, Don Sva, A Nouk, Chaka, and Thlung.

SRV Families Reportedly Sent to Kompong Cham

BK2207040990 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 21 Jul 90

[Text] Recently, the aggressor Hanoi authorities sent over 2,000 families of Vietnamese immigrants from Vietnam to settle down along the river banks in Kompong Cham Province.

These additional Vietnamese immigrants were sent from Vietnam by boat along the Mekong River to this province where some of them have settled down in boats and houses along the river bank adjacent to Kompong Cham town in areas from the town's street corner to Chruoy Thmar, the pier of Dei Dos monastery, and Koh Pen in front of Dei Dos monastery. The others have settled down on the eastern bank of the Mekong River on the side of Tonle Bet River in the areas from Pongro village to the upper and lower parts of Tonle Bet pier.

At present, there are thousands of old and new Vietnamese immigrants who have been sent to settle down illegally in Kompong Cham Province by the Hanoi authorities. The Hanoi authorities have organized these Vietnamese immigrants into armed groups with guns and ammunition hiding in their motor vessels and boats.

Indonesia

Paper Views ASEAN Meeting, U.S. Policy Change

BK2407071590 Jakarta Domestic Service in Indonesian 0600 GMT 24 Jul 90

[From the press review]

[Text] A KOMPAS editorial titled "ASEAN Foreign Ministers Faced With Regional and World Changes" says the U.S. Government's policy change on the Cambodian issue is just one of the issues listed on the agenda of the ASEAN foreign ministers' meeting in Jakarta. There are signs that the position of the Coalition Government of Democratic Kampuchea, supported by ASEAN since 1982, is becoming unstable, while Vietnam's credibility and legitimacy are becoming stronger. Therefore, the daily predicts that relations between ASEAN and Japan will be closer in the future because of the decisive role of superpower countries. [sentence as heard]

Continuing, KOMPAS says changes taking place in the world and in our region have in fact confirmed the strategic location and role of ASEAN. The U.S. Government's policy change on the Cambodian issue should not impede ASEAN's initiatives, but should instead encourage the regional grouping to continue playing its role.

Suharto Receives Brunei, Thai, Other Visitors

BK2407094590 Jakarta Domestic Service in Indonesian 0700 GMT 24 Jul 90

[Text] President Suharto received a courtesy call from Brunei Communications Minister Datuk Haji Zakariah Haji Sulaeman, who was accompanied by Communications Minister Azwar Anas, at the Merdeka Palace this afternoon. During the meeting, efforts to upgrade cooperation between the two countries, especially in communications, were discussed. Speaking to newsmen later, the Brunei minister said his country's airlines would increase the number of flights to Jakarta from two to three times a week. Meanwhile, the Indonesian side expressed its willingness to train Brunei navigation officers.

At the same venue, President Suharto also received courtesy calls from Thai Supreme Commander General Sunthon Khongsomphong, who was accompanied by Armed Forces Commander General Try Sutrisno; Malaysian Sultan of Pahang Haji Ahmed Shah; and Makhdoom Amin Fahim, a special envoy of the Pakistani prime minister.

Laos

Kaysone Phomvihan's Financial Conference Speech

BK2007050190 Vientiane PASASON in Lao 29 Jun 90 pp 1, 3

[Third installment of Part III of speech by Kaysone Phomvihan, general secretary of the Lao People's Revolutionary Party Central Committee and chairman of the Council of Ministers, delivered at the first nationwide financial conference in Vientiane on 20 June; for second installment of Part III, see page 26 of the 20 July East Asia DAILY REPORT]

[Text] For the time being, we must attentively create an auditing system operating from the central down to the provincial and municipal levels. The system's function must also include the inspection of tax collection and financial management. We must train and organize auditing personnel who will be in charge of examining enterprises' accounting and regularly submitting reports on their findings to agencies concerned.

For example, every financial report must be signed by responsible auditors. In case of suspicion, the auditing agency will appoint an investigation committee to examine the accounting of the suspected enterprise. The enterprise's management, chief accountant, and the auditor in charge must be responsible for any irregularity or error discovered by the committee.

We must accelerate the drafting of economic laws and other legislation governing court trials of business cases, handling of bankruptcy cases, and establishment of economic courts or civil courts to guarantee justice, democracy, and openness. It is prohibited for anyone to use any privilege or authority to interfere in the operation of the auditing organizations and civil courts.

—Due to the special requirements of the finance and auditing undertakings, finance cadres must have specific knowledge and experience. Our finance cadres are noticeably weak in technical areas and lack knowledge of the financial laws and general economy. These weaknesses are the causes of the discrepancy and confusion in the management of state finance. They are also the reasons for the ambiguity, inefficiency, and absurdness in the management of enterprises' finance. We must realize that the achievements of modern business management depend on marketing techniques and competency in financial management. The Ministry of Economy, Planning, and Finance, the Commerce Ministry, and other agencies concerned must work out immediate and long-term plans for training finance cadres. For the time being, we must select competent and faithful cadres to undergo short financial training courses so they will be able to handle the new financial management mechanisms. At the same time, we must have long-term plans for training our cadres both at home and abroad in preparation for the fundamental change of our finance work. Our cadres in charge of economic management must thoroughly study the financial plans, policies, laws, and regulations. They must not be only cadres who are imbued with a sense of revolutionary enthusiasm but lack knowledge in finance work, for they will create great losses to the state, enterprises, and people.

III. The policy on enterprises' finance.

Enterprise finance is a branch of the nation's finance. Its fundamental function is to maintain and broaden business production and continuously heighten the efficiency of investment. On the other hand, enterprise finance is primarily influenced by the national finance policy. The process of capital accumulation is also started from financing of enterprises.

Enterprise finance means financing of legal entities such as commercial banks, organizations, production enterprises, commercial companies, transport firms, state administration, state-private partnerships, collective bodies, private capitalists, and individuals.

1. The special characteristics of enterprise finance in our country.

—Generally speaking, financing of all enterprises in our country is weak. There is a severe shortage of capital while the efficiency of the capital exploitation is quite low. These are the adverse consequences of the past wars and the old state-subsidizing management mechanisms. These adverse consequences have been suppressed to some extent but not yet completely eliminated. As private enterprises tend to further expand, the majority of state enterprises engaging in production, trade, and administration are in a difficult situation, while the rest are barely able to keep their businesses running.

—Enterprises manage their financing in an unorganized and monotonous manner. They are incapable of accumulating capital to boost their business production.

—Enterprises lack knowledge in financial movements while finance cadres are not well trained to handle the marketing mechanism.

—We lack technical expertise and knowledge, effective finance and accounting regulations, and complete business laws.

—State enterprises are unable to clearly differentiate their own finance and state finance. The state subsidy is still practiced. State enterprises have not yet been instructed to operate independently and take full responsibility in their financial management. They do not fully understand the right of utilization [of property or facilities] on a contractual or leasing basis.

—The country's finance market has not yet been established to assist the country's economic growth. The existing financial sources are scattered and earning slow and minimal profits. They are even being siphoned out of the country, a phenomenon beyond our control.

—The investment made by various enterprises has been affected by the adverse consequences of the erroneous investment policy implemented during the past few years. The scale of production does not correspond to market conditions. Despite low labor costs, the prices of finished products, with low quality, are exorbitant. In other words, such investment projects lack economic value and are unable to compete with those of the private sectors or earn foreign currencies or develop export-oriented industries.

For the aforementioned reasons, the state finance policy toward enterprises must concentrate on solving the following problems.

A) Regarding the existing state economic bases:

—We must primarily do away with the state subsidy system and reorganize the trouble-plagued enterprises by leasing them out to the private sectors or dissolving them.

—We must reexamine the assets of business enterprises in accordance with the market value and, step-by-step, turn unproductive enterprises into partnerships. First, we must expeditiously start with a number of small enterprises.

—The state must stop providing initial investment capital for newly established enterprises (including fixed and rotating investment funds). State-private partnerships must be set up with 51 percent of equities owned by the state for major economic enterprises. As for enterprises of less economic significance, the state may use land and buildings as a contribution to their investment and assist them by providing economic and technical advice as deemed necessary.

—For the first two years of operation or longer, tax exemption must be granted to new enterprises that require large investment and carry high risks, especially those engaging in mining, large-scale transport services, infrastructure construction, and other heavy industries. Enterprises using their profits for further investment must be exempted from taxes, and the additional investment must belong to shareholders according to the proportion of their equity holding.

—The state is responsible for directing investment of enterprises through the enforcement of economic plans, regulations, and laws and for providing promotional privileges in order to encourage state-private partnerships to mobilize investment capital to further increase their production.

B) Regarding private and general enterprises:

—Private enterprises, including foreign firms now operating in Laos, have the right to invest in all business areas in line with the state development plan and are equal with state enterprises before the law (except for specific privileges granted to some state enterprises). In the event of nationalization, entrepreneurs must be compensated for their investment and assets in accordance with the current market value, and other interests as guaranteed by the law. All enterprises have the right to mobilize investment capital from every financial source, including joint business ventures with foreign companies, the government, and the general public to increase business production, and must take full responsibility for payment of loan interest and dividends.

—All enterprises have the right to open bank accounts with commercial banks in the country to seek loans and are obliged to pay fees for opening bank accounts and comply with the banking regulations in repaying their debts.

—Enterprises are allowed to conduct direct export-import business on the condition that the state regulates their investment capital through implementation of the tax policy. The state encourages import of modern technology and export of finished products. Generally speaking, the state has a policy of tax reduction for exports, strictly controlling imports, banning the import of certain products for the protection of domestic production, and stabilizing the exchange rates between the kip and foreign currencies.

—We must expeditiously improve the tax system and set different tax rates to promote investment.

—We must intensively and effectively examine the financial conditions of enterprises as well as their accounting and performance records, impose heavy fines on enterprises found guilty of violating finance laws and regulations, assist state enterprises and production units to revise and improve their financial system in line with the finance laws, and facilitate inspection.

—As for enterprises that are essential to the country's socioeconomic development, the state should adopt a policy of providing financial assistance for them to cope with loss or high risks. Such assistance measures must be cautiously implemented to ensure that they truly serve the purpose.

IV. Policies directly related to national finance policy.

In addition to the above measures, a set of policies such as monetary-credit policy, income policy, and pricing policy must be be implemented to ensure the achievement of the targets of the national finance policy. The close ties between national finance policy and the above-mentioned policies are based on the vital role of the values that govern the system of management mechanisms of a large-scale commodity-oriented economy. Each policy has its independent functions and specific impacts on economic life in society.

1. Fundamental credit-monetary measures in support of the implementation of national finance policy.

The credit and monetary expansion is an objective requirement in the development process of a commodity-oriented economy. Our country's banking and credit services have not yet truly corresponded to the objective demands of the expansion in different forms of the commodity-oriented economy in line with economic development in the region for the following reasons:

—We have not clearly differentiated the roles and functions of financial business and the task of controlling the monetary supply of the banking sector from those of the financial sources of the state centralized finance. Commercial banks have not yet been granted the status of legal entity and the right to independently operate in the financial market.

—We have not clearly differentiated the roles and functions of the state-controlled central bank and commercial banks in monetary-credit businesses.

—The management mechanisms are extremely primitive and tend to depend on administrative power. (For example, the rigid loan interest rates fixed by the state bank obstruct the efforts to mobilize public saving.) Indirect economic control devices have not yet been fully applied to direct the banking sector. For this reason, the credit system is going nowhere, or rather slowly, and has to be subsidized. The state is unable to control the movements of credits granted to the general public. This confusing and indiscriminate method of handling business can lead us to the deleterious state of inflation.

—The patterns of credits and transactions are obsolete, monotonous, and lifeless. Banks have failed to act as the center for credit administration and business transactions. Hence they are unable to fully mobilize financial sources in society as the rotation rate of their investment capital is rather low. While operating with low economic efficiency, they are not entrusted to handle business transactions and quite frequently run short of cash.

—The financial markets, in particular those dealing with foreign currencies, have not yet been developed. Worse still, they operate on a regional basis and are under a monopoly. The coordination among the financial, banking, and trade sectors is minimal and weak. Thus, we are unable to handle foreign currencies in the form of checks and freely attract foreign currencies in circulation. Such a way of handling the monetary-credit business can never draw investment from foreign countries nor further enrich the reserve for transactions. In particular, it is unable to gauge the efficiency of investment. Economically speaking, it further deteriorates the monetary-credit roles of the state finance which leads to the presence of many currencies in circulation while the feeble kip is used as a medium to draw strong foreign currencies out of the country. This is the cause of instability and tension in financial markets.

In order to remedy the situation and achieve the objectives of national economic strategy and finance policy, the monetary-credit movements must be fundamentally changed in the following directions:

—We must fundamentally change the organizing and management mechanisms of the banking sector. In particular, we must turn the banking system from the "currency printing house" function to full business accounting. Banks should be allowed to fix their own saving and loan interest rates. The state bank must revise its roles so that it will only control the operation of commercial banks and regulate the monetary reserve in accordance with state monetary-credit policy. (The state bank will not do business directly with clients.)

—The state bank will act as guarantor for state loans (from domestic and foreign sources) and has the right to inspect the utilization of such loans. The state bank is not directly responsible for the payment of government debts. The state bank treats the state budget as a special client. The state bank's shortage of cash supply for the state budget must be solved. The Ministry of Economy, Planning, and Finance must work closely with the state bank to ensure cash supply for the state budget.

—We must realize that competition among commercial banks is the only way to create conditions favorable to the development of transaction services and other banking services. With this achievement, the amount of cash in circulation will decrease, while the rotation rate of investment funds will increase. Moreover, the amount of money involved in the transactions for production will increase, and the efficiency of investment will be improved.

—We must make available different forms of credit such as bank credit, credit for different types of business, and credit for joint investment projects of various enterprises. Other types of credit must also cover the use of the letter of transfer of rights (lettre de creance), share certificate, and other valuable assets. At the same time, it is legal to buy, sell, or transfer credit in order to create conditions for speed and efficiency in business in line with the movement of the stock market.

—We must appropriately apply the devices for controlling the monetary-credit movement such as the letter of guarantee for bond repurchase (es compte) [as published] and deposit insurance to cope with the demand for investment funds, regulate loan interest rates and the amount of money in circulation, and stabilize the value of our currency. We must broaden the gold and foreign currency markets and international transaction services to increase the value of the kip in the next decade.

—We must step by step divert the flow of public savings from the direction of "providing small loans for the state" to commercial banks (to make loans available) so that the money that stands idle temporarily can be used for profitable investment.

—We must step by step concentrate on the establishment of credit facilities in towns by setting up business banks (in the forms of state enterprise, state-private enterprise, private enterprise, branches of foreign banks) and broaden rural credit. In order to expand the banking and credit services, we must map out regulations governing the utilization of investment funds and loan guarantee accounts and build up banking specialists. In particular, we must be able to inspect the movements of loans and public savings and prevent foreign currency hoarding and other subversive activities against the state policy of creating financial sources.

2. Revenue policy in relation to national finance policy.

The implementation of the national finance policy requires fundamental changes in the revenue policy in accordance with the principles of labor distribution and financial and labor contribution with the objective of securing lawful profits.

Paper Says Relations With Thailand Improved

BK2207143990 Vientiane Domestic Service in Lao 0000 GMT 19 Jul 90

[PASASON undated article: "Lao-Thai Relations Are Improving and Settlement of Remaining Problems Is Under Way"]

[Text] The recent joint operations carried out by the Lao and Thai Armed Forces constitute an important factor toward further strengthening the time-honored relations of friendship between the Lao and Thai peoples. Even though development in this direction is fruitful to a certain extent, it is still far from fulfilling the aspirations of the two peoples.

In early July 1990, the high-level military delegation of the Lao People's Democratic Republic led by General Sisavat Keobounphan, chief of the General Staff of the Lao People's Army, and the high-level military delegation of the Kingdom of Thailand led by General Sunthon Khongsomphong, supreme commander of the Thai Armed Forces, held a meeting at Lan Xang Hotel in Vientiane. At the meeting, which was held in a frank and brotherly atmosphere, the two sides informed each other of the current situation of the Lao-Thai relations as well as the joint operations carried out by the Lao and Thai Armed Forces, aimed at resolving some remaining problems, such as the border problem and the problems created by exiled Lao reactionaries along the Lao-Thai border. The two sides discussed issues that could create mutual distrust between the two countries. With regard to this development, the Lao-Thai and Thai-Lao joint border committees and the joint Lao-Thai and Thai-Lao military committees have consistently worked together to settle the above problems through peaceful means. The delegations expressed full confidence that if those committees carry out their work regularly, the problems will eventually be resolved.

During the meeting, General Sisavat Keobounphan proposed to the Thai military delegation that the Thai side adopt effective measures to disarm exiled Lao reactionaries and confine them to refugee camps. He also asked the Thai side to take strict control of the refugee camps. As for the repatriation of the Lao refugees, it must be carried out in accordance with the steps agreed upon earlier.

In connection with the settlement of the border problem in the area between Laos' Boten District and Thailand's Chat Trakan District, General Sisavat Keobounphan reiterated that, on the one hand, efforts must be made to encourage the joint border committees set up by the two governments to regularly cooperate with each other in carrying out the demarcation of the border line as soon as possible, and that, on the other hand, the two joint military committees should constantly inspect the area to prevent both sides from reinforcing their troops and constructing facilities in the area. If one side spots such discrepancies and unusual development in the area, it must inform the other side of the incident as soon as possible. In addition, the commanding officers of the two sides should closely coordinate with each other to prevent escalation of any untoward incident which may occur.

In addition, General Sisavat Keobounphan also proposed to the Thai side to continue cooperating with the Lao side in safeguarding the border between the two countries and turning it into a border of genuine peace, friendship, and brotherliness. Should any small- or large-scale untoward incident occur, the two Armed Forces must immediately consult with each other to resolve it through peaceful means.

At the meeting in early July, the two sides only accepted each other's proposals for consideration; no detailed agreement was formulated. Nonetheless, it should be noted that from the very beginning, the military leaders of the two sides initiated a move to settle the border problem together. Therefore, they should continue encouraging their respective governments to continue resolving this problem.

General Sunthon Khongsomphong's statement, which reiterated that the Thai side would cooperate with the Lao side in suppressing the exiled reactionary Lao bandits or exiled Lao rebels taking refuge on Thai soil, was an excellent gesture expressed by the Thai side because these exiled reactionary Lao elements are the very source of all problems and the state of hostility between the two sides in the past.

Philippines

Manglapus Criticizes U.S. Stand on Boat People

BK2407023090 Hong Kong AFP in English 0220 GMT 24 Jul 90

[Text] Jakarta, July 24 (AFP)—Philippine Foreign Secretary Raul Manglapus criticised the United States Tuesday for leaving Southeast Asia with the responsibility for Indochinese boat people it rescued from the high seas. He said Washington should use its island territories to resettle boat people it picked up.

"The U.S. cannot just be picking up people and throwing the responsibility to someone else," Mr. Manglapus said in an interview on the opening day of a ministerial meeting of the Association of Southeast Asian Nations (ASEAN). He cited two instances this year when the U.S. and Canadian Navies rescued Vietnamese boat people in international waters and left them in the Philippines. While Canada has agreed to a Philippines proposal that it should accept responsibility for resettling those it rescued before 1992, the United States has not made any such commitment.

"We expect those who bring them to our country to do their part and guarantee to us that these people will not stay with us forever," Mr. Manglapus said, adding that Washington "has in its possession many territories and islands which could be used" for this purpose. He said it was "not in the character of our society to push people back to sea" but noted that other ASEAN nations "apparantly do not have the same position" and seem to be "reluctant" to follow the Philippine example. He stressed that Manila was not pressuring its neighbours to adopt the same policy, saying it was not part of the U.N. Comprehensive Plan of Action (CPA) for Vietnamese refugees signed in Geneva in July last year.

The so-called countries of first asylum, ASEAN and Hong Kong, host among them more than 100,000 Indochinese refugees awaiting resettlement to third countries. The foreign ministers of ASEAN—Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand—are expected to issue a statement later Tuesday on the question of Indochinese boat people, conference sources said. The ministers are here for their annual meeting, which is due to be followed later in the week by a conference with their counterparts from the group's major trading partners, including the United States.

Aquino's State of Nation Address Opens Congress

HK2307123190 Quezon City Radyo ng Bayan in Tagalog 0705 GMT 23 Jul 90

[State of the Nation address by President Corazon C. Aquino at the opening of the fourth regular session of Congress at the Session Hall of the National Assembly building—live in English; italicized portions in Tagalog]

[Text] Senate President Jovito Salonga, Speaker Ramon Mitra, distinguished members of the Senate and House of Representatives, Chief Justice Marcelo Fernan and the associate justices of the Supreme Court, members of the cabinet, Your Excellencies of the diplomatic corps, distinguished guests, *my beloved countrymen:*

We gather today at a most crucial time in our history. Seven days ago, a large portion of our country was rocked by one of the most serious natural calamities we have ever experienced: An earthquake which registered at magnitude 7.7 in the open-ended Richter scale and intensity 8 in the (Rockefeller) scale near the epicenter.

The tremor struck at 0426 [0726 GMT] in the afternoon. After 45 seconds, nine of our cities and 39 municipalities in 15 provinces lay damaged, some almost totally devastated.

As of this morning, based on the NDCC [National Disaster Coordinating Council] report, we have accounted for 899 fatalities, most of them from the cities of Baguio and Cabanatuan. We have counted 3,061 injured, with Dagupan City suffering the worst. Actual property damage recorded so far is 2.6 billion pesos. But, we estimate a total damage to properties to reach from 10 to 15 billion pesos.

I personally visited Cabanatuan, Baguio, and Dagupan—sites of the heaviest damage to lives and property. There I saw and experienced for myself the grief the death and loss coming from our hearts. But it was not sorrow alone that was present in those disaster sites.

Amid the debris, I saw the strength and the courage. I witnessed the selflessness and heroism of our people. In the midst of devastation, there is the will to survive, to help others, to rebuild, to start anew. By the grace of God and the unshakable faith of the Filipino people, I am confident we will pull through.

Yes, once again, we face a crisis. But you and I and the rest of our people are not strangers to this. Since time immemorial, natural and man-made calamities have visited our lands, bringing with them widespread death and destruction. And always, our people would rise from the rubble, would shake off the dust and wipe the tears. And while we mourn our losses, our hope for the coming of a new day never dies. [applause]

Earthquakes can destroy the strongest man-made structures but they can never shatter the faith of the Filipino. To this day, rescue and relief work goes on, but slowly and surely, our countrymen are gearing up for the next important task—that of rehabilitation. Our people are determined to go back to their normal lives within the next few days. Our farmers want to return to their fields. Our labor force wants to return to their work places. Our businessmen want to resume the conduct of trade and commerce. Today, they are no longer asking us for gestures of pity. They are asking for assistance to help them get back on their feet.

I, therefore, come before you today to ask you to work hand-in-hand with me in the effort to restore the normalcy of our people's lives. There is, however, more that I would like to ask of you today. Let me ask you to look beyond rehabilitation and share with me instead the vision of the building of a much stronger nation. For while this is a time for grieving, so is this a time to survey the opportunities waiting before us: The opportunities to grow further in our maturity as a people; to leave the mistakes of the past and build on our strength; to abandon the hatred and the division, and to start afresh as a people tested by sufferings, faced with the options for a better tomorrow.

At this point, we must ask: Where shall we draw the needed fortitude to maximize these opportunities? From where I stand, I see four sources: First, our gains over the past four years; second, the strength and courage that our people have demonstrated during this calamity; third, the avenues or partnership among people and government that we have established; and fourth, our abiding faith in God, who has always cared for us.

May I invite you to examine our gains. Last year, our nation bustled with conductive energy. The 5.7 percent growth in our economy was well within target. A total of 17.480 billion pesos in foreign investments poured into our country, 75 percent more than the previous year—evidence of the continuing confidence of the international community in our economic recovery.

We reduced our foreign debt by 4.3 percent, from $27.800 billion in 1988 down to $26.600 billion as of January of this year.

Our stock exchanges registered a business volume of more than 22 billion pesos, unmatched in the history of our country's stock market.

Nineteen eighty-nine was definitely a banner year. Some 703,000 Filipinos gained access to new jobs, as the unemployment rate in our country went down to 9.2 percent from the 9.6 percent registered in 1988. The annual per capita income of our workers rose by 3.3 percent, as we moved to ensure that no government worker would receive a salary lower than 2,000 pesos and to increase the minimum wage in the private sector by 25 pesos per day.

Ninety-one thousand three hundred forty-nine more Filipino families were able to build homes last year, the fruit of a vigorous housing program with an unprecedented record. Last year's mark brought the total number of our beneficiaries from 1986 to 1989 to 193,735 families. This shows our ability to provide new homes for an average of 64,578 families every year, surpassing the record of 1975 to 1985, where an average of only 28,543 families were given shelter annually.

Over 1 million school children, including those living in remote barangays, benefitted from the 26,406 classrooms constructed last year. Two million, five hundred three thousand, seven hundred ninety-four high school students benefitted last year from our free secondary public education program. In addition, 101,000 more young Filipinos were able to attend high school last year. These are the students who cannot be accommodated in our public high schools, but whom we assisted through service contracts with private educational institutions.

In February 1986, the lowest paid teachers or those in teacher level 1 were receiving only a measly basic salary of 1,096 pesos plus allowances of 350 pesos. In recognition of their crucial role in the upbringing of our youth, together we endeavored to raise this pay level. Today, our teachers in the lowest bracket are receiving a total of 3,102 pesos plus addtional compensation saved from the local fund of the local government units where they serve.

In February 1986, the highest-paid teachers were those in the secondary, principal level who were receiving only a total package of 2,393 pesos. Today, that has been raised to 7,478 pesos.

Some 1,407 more kilometers of major roads and 4,890 km of feeder roads were constructed last year. This brings the total number of major roads built from 1986 to 1989 to 3,365 km and feeder roads to 18,120 km.

Twenty seven thousand, five hundred thirty more hectares of farmlands were irrigated last year, benefitting 18,500 more farmers. Nearly 7 million more Filipinos gained access to safe drinking water, with the implementation of 51,820 water supply projects.

From 2,042 barangays all over the country, among them the remotest, 2.7 million Filipinos now enjoy power supply. Last year, we added 349 barangays to this number.

In all of our efforts to sustain the forces in our economy, we have emphasized the use of science and technology. At present, we are transferring technology from those who generate them to the end users, specially in our rural areas. Thus, we are supporting the widespread use of organic fertilizers in rice culture. This would save us from 241 million pesos yearly if used to replace half of present fertilizer import. This type of fertilizer will increase farm income by as much as 3,000 pesos per hectare every crop season.

We are also studying the potential of locally developed technology using agro-wastes, such as coconut husk, corn cobs, and coffee husk for brick-making, grain drying, and power generation. This is called the gasifier conductor. If one-fifth of this agro-waste replaced the 4 million barrels of bunker fuel we now use for power generation, we could save about $70 million yearly.

Our advances in these areas receive further boost from our accomplishments in the peace and order scenes. Last year, over 3,500 rebels from both the communist and secessionist movements returned to the fold of the law. Another 2,500 surrendered during the first semester of this year. Sixty-three ranking communist leaders were neutralized. Of these, 12 were top-ranking national leaders of the CPP-NPA [Communist Party of the Philippines-New People's Army].

We had reduced the fighting strength of the CPP-NPA by 19 percent by the end of 1989, and we dropped down the Communist-affected barangays by nearly 2,000, or 25 percent of the total number in 1988.

We registered last year a combat fatality ratio of one to two and a half in favor of the government, the highest such favorable ratio in six years. In all parameters of our counterinsurgency efforts, we are ahead.

Also in the interest of peace and security, we continue to engage in diplomatic moves to formalize agreements and treaties protecting our interests. We undertook serious efforts to resolve territorial disputes. Our diplomatic missions have kept our lines open with the Organization of Islamic Conference countries. We have consistently used this access to apprise these countries of our accelerated implementation of autonomy for Muslim Mindanao. And as the century of Pax Pacifica beckons, we continue to strengthen our foreign relations through our commitments to pluralist democracy, responsible market policies, and development diplomacy, all within the constitutional provisions on national sovereignty, territorial integrity, national interest, the right to self-determination, and the commitment to international peace.

These gains would have been meaningless without advances in the area of justice. Here we directed our efforts over the past 12 months at further improving the investigation and prosecution processes, and at providing our less-privileged countrymen with much better access to our justice system.

We initiated the prosecution of civilians who took part in the failed December coup, whose cases are now pending in our courts. We also prosecuted and secured the conviction of the accused in such celebrated cases as the murder of Secretary Jaime Ferrer, the murder of Namfrel [National Citizens Movement for Free Elections] volunteers in Quirino, the murder of Father Karl Schmidt, and the attempted large-scale smuggling of firearms.

We adopted measures to expedite preliminary investigation of cases by shortening the period for appeal and strictly imposing the period within which cases must be resolved. We have also weeded out corrupt and inefficient prosecutors. We relentlessly pursued drug syndicates and gambling lords and busted their operations. We gave 184,208 indigents free legal aid. And because of the need for suitable and dignified facilities for our judges and other officials in the justice system, we are constructing halls of justice in various parts of the country. Twenty-three of these will be ready for occupancy by the end of this month. Sixteen more will be completed by the end of the year.

We also advanced our quest for social justice as 340,000 more Filipino farmers were given ownership of the land they tilled, 85 percent more than the number in 1988. In the process, we have distributed 13 times more land to former tenants under our Comprehensive Agrarian Reform Program than was distributed from 1965 to 1985.

We also ensured that the lands they now own will become more productive through financial and technical supports. Last year, we released 820,250,000 pesos in production loans to farmer beneficiaries. This sum brings to 1.17 billion pesos the total amount of production loans we have provided to 220,368 farmer beneficiaries since I signed the Comprehensive Agrarian Reform Law passed by this Congress in 1988.

Our determination to implement our policy of decentralization found concrete expression when you and I began the process leading to the creation of two regional autonomous governments.

The first to undergo this process were provinces in southern Philippines, where most of our Muslim brothers live. This vesting of political autonomy underscores your firm resolve and mine to continue enhancing the lives of Muslim Filipinos through their more meaningful participation in our nation's political life.

On November 19 last year, our countrymen from this region cast their ballots, making their voice heard in the proposal to include their respective provinces in the proposed autonomous region. Sulu, Tawi-Tawi, Lanao del Sur, and Maguindanao chose autonomy. In this autonomous region, on February 17 1990, over 600,000 voters went to the polling places once more, this time to select from 126 candidates the occupants of 23 elected positions in the regional assembly. By the first week of this month, all the winners had been proclaimed, thus completing this chapter in their bid for regional autonomy.

The second to undergo this process was the Cordillera region. On January 30 1990 the proposed organic act for the autonomous region of the Cordilleras was presented to the voters there. The Province of Ifugao accepted membership in the autonomous region.

Political and material progress are, however, not the full measures of democracy's success. That is reckoned as well in the quality of a people's spirit, in their attitude to the present and hope for the future. Over the past month, in my continuing visits to the countryside, including the remotest and poorest provinces, I listened to our people and examined their lives. Having watched them so closely, I am encouraged by their resiliency and determination. Spurred by the support given them by government, they have set out to fashion for themselves a new and bright future. They are relying on their resourcefulness and industry and on one another to improve their lives.

Last year, I felt this resurgent spirit enkindled in the people of Bataan and Bohol, Cavite and Laguna. I saw this again among our countrymen in Negros Oriental, Zamboanga City, as well as Cotabato City. This year, I saw this among the garments and livelihood cooperatives of Bulacan and among the farmers of the people's livelihood foundation of Pangasinan and Tarlac. This is evident, too, among the people's organizations of Catanduanes, Pampanga, Romblon, Negros Occidental, North and South Cotabato, Rizal, Iloilo, and Camarines Sur.

In many parts of our country I saw a new determination among our people who worked hand-in-hand with us to link arms with us in our effort to translate our democracy into a better life for our people. As we, however, were making real headway in our socio-economic thrust, the enemies of our democracy, who comprise some two percent of the military, struck on December 1 1989 in a futile bid to blunt the impact of the gains of our democracy. For a few days, these misguided elements waged war against our people, employing a terrifying fierce strategy that unmasked all their pretensions to ideological inclinations. Before our people, they attempted to display brute force, hoping to create an aura of armed victory. By December 6, the show was over. True to form, the leaders of the failed coup deserted their men once more to face the consequences of their act.

Once more, our people and the 98 percent of our Armed Forces who remained loyal to our Constitution thwarted the evil design of this band of military adventurists and their civilian supporters. Once more, we proved that we are a resolute people. While we have yet to fully recover from the consequences of the imprudence of these misguided elements, our resolve to move forward has not been diminished. That failed adventurism has underscored the fact that our restored democracy has gone past its fledgling stage. It has proceeded to mature and is now ready for a more profound expression in our life as a nation.

I am truly encouraged by what our people have shown themselves capable of. They have worked hard with us to give substance to the meaning of participatory democracy, not just in the political arena but in the realm of our nation's social and economic lives as well.

As president, I have deemed it fitting to enshrine in a people's movement the transformation of democracy from concept to reality by our countrymen. *I was not disappointed by our people in my call on the nation to link arms. Our countrymen responded to the call of hard work to improve the lives of their families, their fellow men and their communities.*

Our partners breathe life to the spirit of EDSA [Epifanio de los Santos Avenue]. From all corners of our country, they continue to possess the spirit of the revolution of 1986. They continue to work against poverty, turmoil, sickness, and ignorance. They are our partners in accelerating and promoting our programs, in agrarian reform, peace and order, protection of our environment and natural resources, in realizing decentralization and in liberating our unfortunate countrymen from poverty. They are our partners in assisting the victims of the recent earthquake in Cabanatuan, Dagupan, Baguio, and other areas.

Our partners breathe life to the spirit of our Constitution by providing an example of the true meaning of democracy.

The magnitude of our people's involvement in the business of our nation today is without precedent in our history. All these find expression in a national movement, a movement that recognizes the silent, enduring, full faith of our people and their calls for participatory democracy. We shall count on the strength of this partnership as we take the next step in the building of a stronger nation.

Now, the Filipino people must continue to lead the way. Many have benefitted from the examples of our previous struggles. Many more stand to profit from what we shall make out of our democracy and freedom. We have proven many things during the past four years. There is still much that has to be done. Despite the limited time, we have our gains of four years to build on. And from where I stand, I see that our nation is ready to take that giant step forward.

Many of the needed reforms are in place. Our democracy is tried and tested. Our people are firm in their commitment. We in the elected leadership must lead the way. We must demonstrate the willingness to pay the price, to accept the sacrifice that accompanies these decisions. Above all, we must show the supreme example of unity, unity borne out of our shared aspirations for the common good.

May I now invite you to examine the challenges involved in this important step forward.

First, it is imperative that we take decisive steps to continue enhancing our nation's production capability. We recognize the reality that the sufficiency of food on our table is an important benchmark of the success of our democracy. We took a crucial step when we launched our national rice action program early this year. Through this program, we expect to achieve a sustained annual growth rate in our production of at least three to three and a half percent in rice and at least five percent in corn.

We expect, however, that despite the massive resources and support we are giving our rice farmers, we will still experience a heavy toll on our harvests due to the prolonged dry season that we just experienced. Fortunately, our earlier gains in the agriculture sector will cushion the effect of this drought.

The productivity of our industrial sector was increased because of the peace that now characterizes much of labor-management relationships. Our renaissant democracy has helped our workers appreciate more deeply the value of the peaceful resolution of conflicts. The number of strikes and lockouts has significantly decreased. In the process, 1 billion pesos in workers' salaries and benefits and about 5.7 billion pesos in production costs were saved.

We are supporting our drive for greater productivity with the streamlined but responsive infrastructure program that placed special emphasis on our countryside. Of the total 6,297 km of roads that we constructed last year, 95 percent were built in the provinces. We have also placed emphasis on infrastructures that would support livelihood in our rural areas.

Much of the productivity of our countryside rests on our speedy implementation of our Comprehensive Agrarian Reform Program. The selflessness of a mature people could provide this program with a much-needed boost.

We also need to enhance productivity by more responsive programs on energy. We recognize the setbacks resulting from the power shortage we all experienced this year. While we have already instituted the remedies necessary to bring our power supply back to normal, we are determined to put in place the needed long-term power infrastructure that will assure our people a permanently stable supply of electricity.

These energy programs must be complemented by our efforts in the areas of telecommunications and transportation. The archipelagic nature of our geography calls for a safer, modern, and more efficient system of inter-island water transportation.

We must remember that the highest priority in our quest for greater productivity are our disadvantaged countrymen. If we produce more, those who have less shall have more to partake of. This is the rationale for the many reforms we have implemented to tilt the balance in favor of the less-privileged, to tilt the balance in favor of the countryside.

Our efforts at increased production must be complemented by our reinvigorated drive for conservation. I believe an important expression of our maturity is our mastery of good stewardship over our resources. I am pleased to report that we marked a milestone last year in our reforestation program. In 1989, we reversed the deforestation trend. We have now planted more areas with trees than the areas wasted by the irresponsible exploitation of our forest resources.

Linking arms with our people and nongovernmental organizations, we have created a vision of development without destruction. To underscore this commitment, I directed the Department of Environment and Natural Resources on June 1, 1990 to blast all roads leading to virgin forests being used by illegal loggers. Furthermore, we have drastically reduced the number of timber license agreements from 142 to 75.

Our maturity must now also be reflected in our stand on the population issue. I am aware that this is an emotionally charged subject matter that some of us have opted to shelve or even totally ignore in the past. We must now face this responsibility squarely and address it as a crucial health issue, a health issue where the well-being of our children, mothers, families, in fact of the whole society, is at stake. Here we would like to give life to Article 50 of our Constitution, which upholds the importance of our families and the rights of our children to proper care and nutrition. At stake here, too, is the very application of the principles of our democracy, where our people make the choice, where the final judgement on the morality of their choices is left to the freedom of their conscience.

The magnitude of the rebuilding work that is before us calls for the involvement of many more hands. There is thus a need for greater involvement among our youth, especially in activities where they are given the opportunity to appreciate the value of hard work, love for country, and a mature sense of responsibility. In calling for this, we uphold the provisions of our Constitution for we, hereby, underscore our recognition of the youth's vital role in nation-building. For two years now, we have provided our youth with the vehicle for participation in public and civic affairs through the president's Summer Youth Program. Over 71,000 young people took hands-on jobs in the countryside, in private sector offices, and in our government agencies. We exposed them to the realities of life while encouraging them to keep their idealism and advocacy for reforms.

And this month, we called on them to march with us in our fight against drug abuse. They have responded well with the launching of the Junior Drug Watch. I hope that in the coming years, there will be even more participation by them in these activities.

Our maturity is also anchored on a citizenry whose sense of patriotism is expressed in their honest and active participation in our revenue-generation efforts. This was evident last year as we increased our tax collection by 35.4 percent, from 90.4 billion pesos in 1988 to 122.4 billion pesos last year.

The more important expression of our maturity, however, are the policy decisions we shall make as we adopt innovations in our revenue-generation schemes, as we shift the tax burden from our poorer countrymen to the more affluent sectors of our society, as we enhance the equity and progressive character of our income tax measures, as we promote local autonomy through stronger local financing, as we continue to improve our tax administration.

We shall also undertake even more decisive steps toward lowering inflation and bringing down our fiscal deficits. In connection with this, we are intensifying our revenue-generation efforts. We are accelerating the sale of government assets even as we take all the necessary measures to minimize public spending. We will not stop until we bring down the public sector deficits to the more tolerable 3 percent as a ratio to our gross domestic product. We are determined to bring this ratio further down in the next two years.

We continue to strive to make compassion a genuine hallmark of our society, but as we take the path of maturity, we see the greater need to balance compassion with a strength of the arms of justice.

Painful though it may be, we must look at the options for heavier penalties for plunder, for heinous crimes, for crimes against public order, including rebellion and attempts at seizing the powers of the state.

Our maturity is anchored, too, on the commitment of our soldiers to our constitutional democracy. While there are still a few within the AFP [Armed Forces of the Philippines] who continue to hang the sword of Damocles over our people, I am proud to say that on the whole, the Armed Forces of the Philippines continues to be the protector of our democratic gains. Even as they perform their mandate of keeping peace and order in our land, they are also our partners in our development goals. I cite in particular our AFP Engineering Corps, whose engineering brigades undertake the construction of several vital infrastructures, particularly in the areas threatened by insurgency.

I am pleased to note that even in our peace and order efforts, the partnership approach is applied. The civilian sector continues to play a vital role in our integrated strategy toward the attainment of these goals. This partnership is evident in our various interagency councils, such as the peace and order, the regional development, and the national reconciliation and development councils.

Our maturity is anchored on our ability to earn and maintain a place of honor and respect in the community of nations. We acknowledge the support of our friends in our economic development thrust. Last year, we obtained pledges and grants totalling $3,500 million, 98 percent of which have already been programmed or utilized for specific projects. This place of honor also rests on our credibility before our international creditors. Today, we still suffer from the burdens and legacy of the past. Our foreign debts continue to stare us in the face and so does the responsibility of servicing all of these debts. Since the time we inherited these liabilities, you and I have not stopped looking for better repayment terms from our creditors. We have also pushed back the terms for the repayment of the principals. Where opportunities are present, we have taken advantage of them so as to buy back debts at significant and favorable discount.

I share with you the concerns that a significant part of our country's foreign exchange receipts flows out to service our foreign debts. I share with you the strong desire to see the day when our precious foreign exchange shall be used instead to fund social developments.

It is also my hope, however, that Congress will share with me the concerns that any move we take on the matter of debt repayment must never jeopardize in any way our painfully built good standing with our creditors.

The systematic approach we have adopted over the past four years has been beneficial to our people, to our constituents. This approach has favored our economic growth, price stability, and a renewed access to the international financial market. Our economy today is one of the best-performing among nations with substantial foreign debts, and this has been possible only because our creditors believe that they can count on our words and commitments. You and I must work together to keep it that way.

Finally, we must address the issue of our relationship with the United States of America. We are determined to chart a new course in our relationship with our long-time ally. I served the notice of termination of our military bases agreement. I have made sure that the provisions of our Constitution have been strictly adhered to. Above all, I have painstakingly endeavored to ensure that the national interests will be upheld whatever the outcome of our future discussions with the United States.

I served the notice of termination knowing the far reaching consequences of that act. I declared our preparedness to look into other possibilities in our relationship with America. I underscored our desire to keep the friendship, whatever form our partnership may take in the future. In this historic event, there is a paramount issue to address: This is the question of our ability as a people to live out to the fullest the true essence of sovereignty. We must ensure that in making the decision as to whether the bases must go or stay, we must unite instead of divide. Should we become a nation divided after this decision, then there shall be no sovereignty to speak of. To follow our national will, whatever option we might take, we must first agree to rid ourselves of unhealthy division. Only then can we stand up to any foreign nation and say: This is our people's decision. We shall pursue it by every means.

When the two houses of our Congress therefore meet in its fourth regular session, there are two things I shall ask of you: First, I ask you to consider and appreciate the significance of this time in our history. I ask you to consider the options for a giant step forward that are arranged before us. And second, I ask you to address a legislative agenda that will push our democracy further into that level of maturity, a higher level of maturity necessary to the rebuilding of our nation.

A good part of this agenda is drawn from initiatives already taken by the two houses of Congress. In adopting this agenda, we focus on the commonality of our goals and our shared vision for our country and people.

I recognize as well that most of the bills in this agenda have been passed by one of the two chambers and accordingly transmitted to the other. It is my hope and urgent call that this agenda we have worked out together will be completely enacted during this fourth regular session.

May I now propose the following:

First, to help our countrymen in the disaster areas, the immediate passage of House Bill 31448 appropriating 10 billion pesos for aid, relief, and rehabilitation and further repair and reconstruction of permanent structures affected by the recent earthquake.

Second, to further hasten our poverty alleviation and countryside agro-industrial development thrust, the passage of the following measures: One, providing small and medium enterprises with capital of less than 5 million pesos with an integrated assistance package and services including more accessible credits and financing. Two, strengthening the social amelioration program for the sugar industry. Three, establishing a Magna Carta for small farmers which seeks to further improve agricultural productivity and income. And four, providing for a code governing the development and conservation of our fishery and aquatic resources.

Third, to further strengthen local autonomy, the immediate passage of the local government code, particularly the provisions rationalizing the allotment system to increase funds at the disposal of local government units.

Fourth, to further emphasize our concerns for protection of the environment, the passage of the following bills: One, providing for comprehensive antipollution measures, including increased penalties for violations thereof; two, increasing charges for the cutting of timber and other forest products to levels that better reflect their economic value; and three, upgrading the 53-year-old Public Land Law to conform to new realities.

Fifth, to enhance the equity and progressive character of our tax system, the passage of a tax reform package which includes, among others, the following bills: One, increase in personal exemptions from income tax. Two, imposition of the affluent consumption tax. Three, provision of ceilings on certain business deductions. Four, conversion of the ad valorem tax on oil products to specific tax. Five, gradual phase-out of the gross receipts tax on bonds to help cut intermediation cost.

Sixth, to underscore our sovereignty and independent foreign policy: One, the passage of the law creating the base land development authority to implement the bases conversion plan which will be submitted by the legislative—executive bases council. Two, the passage of a law upgrading our foreign service corps.

Seventh, to accelerate the upgrading of our transportation system: One, the passage of a law increasing the capitalization of the Philippine National Railway. Two, a law increasing the capitalization of the Light Rail Transit Authority.

And eighth, to strengthen the safeguards of our democracy, the passage of the following measures: One, a revised bill repealing Presidential Decree 1850, thereby strengthening civilian supremacy over the military. Two, the anticoup and the antiplunder bill. Three, a bill providing for a witness protection program. Four, omnibus amendments to the Dangerous Drugs Act. And fifth, the passage of electoral reform measures.

I join our people in thanking the ladies and gentlemen of both the Senate and the House of Representatives for the continuing legislative support you have given to our nation's aspirations for greater productivity and reform.

I cite in particular your work on the following legislations of national importance: Republic Act No. 6810, or the Magna Carta for countryside and barangay business enterprises; Republic Act No. 6763 on the construction of concrete barangay roads and multipurpose pavements; Republic Act No. 6849 on the installation of municipal public telephones; Republic Act No. 6826 on the grant of emergency powers to the president; and Republic Act No. 6948 upgrading the benefits of military veterans and their dependents.

I also acknowledge your help in the passage of the following laws: Republic Act No. 6846 creating the Aquapaya Pabahay [Housing] Fund; Republic Act Nos. 6938 and 6939 on the Cooperative Code and the Cooperative Development Authority; Republic Act No. 6952 establishing the Petroleum Price Standby Fund; Republic Act No. 6966 modifying the excise tax on certain products; and Republic Act No. 6957 on the financing of infrastructure projects by the private sector.

I look forward to our continuing cooperation as we endeavor to keep the agenda of our nation foremost in our list of priorities.

As president, I reiterate my commitment to institute greater reforms during the next two years of this presidency. I am aware of the many obstacles thrown in our path by those who wish to waylay our march toward our goal. I wish to assure you and the rest of our countrymen that I shall never be intimidated. There shall be no rest from my work until the task is completed. But our success will not be possible without unity among us. I therefore ask you, honorable senators and representatives of this, our people's Congress, and the rest of our leaders, to renew with me our commitment to the dream that bound us together in 1986: democracy, freedom, sovereignty, economic growth, social justice. Let us join hands with our people as we undertake the task of rebuilding and as we resume our march toward our goal.

I should like to thank also all our friends throughout the world—governments, institutions, as well as individuals—for the humanitarian assistance given to our people and the victims of the earthquakes. I intend to properly thank and commend them along with all those who acted valiantly to save lives at appropriate ceremonies in the near future.

The National Disaster Coordinating Council is hereby directed to submit to me at the soonest possible time the full list of these friends and these heroes.

Our success will be certain if we unite together. Hence, I call on you, honorable senators, representatives, and other leaders of the nation, to reaffirm the dream which bound us in 1986: To restore and maintain democracy, freedom, rights, economic growth, and social justice. From the almost total devastation that we have experienced, all of us should link arms in order to achieve our objective of reconstruction so that we can resume the march on the path toward our desired goals. Let us join hands together and let us help each other. Thank you.[applause]

PC Kills One NPA Rebel, Arrests Two More

HK2407024390 Manila DIYARYO FILIPINO in Tagalog 24 Jul 90 p 8

[By E. Viray]

[Text] Silang, Cavite—A member of the New People's Army [NPA] was killed while two others were arrested after an encounter with the Philippine Constabulary [PC] two days ago.

According to Captain Samuel, the province's PC Intelligence and Investigation Section chief, Nomeriano Seruelas, alias Comrade Romy, 35, of barangay Bulihan of this town was killed after the shootout with the authorities. The PC also arrested two of his comrades, identified as Ireneo Seruelas, 39, brother of the slain rebel; and Redentor Malabe, 36, both from the same barangay.

It was reported the constabulary raided a suspected NPA hideout in this town but did not find the rebels. In a continuous search, however, they encountered the three and killed Nomeriano. The other two were arrested as they tried to escape. Conficated from them were a M-16 rifle, a shotgun, a .38 caliber revolver, and bullets.

Remains of Six Supposed NPA Victims Exhumed

HK2407021490 Manila MANILA BULLETIN in English 24 Jul 90 p 8

[By Chito Parazo]

[Text] Cordon, Isabela—The remains of six persons, believed to be victims of New People's Army (NPA) atrocities, were dug up yesterday in a remote barangay here by Army troopers led by Lt. Col. [Lieutenant Colonel] Steve Parazo, commanding officer of 77th Army Infantry Battalion.

As of yesterday, the remains of the victims, according to Colonel Parazo, were still unidentified. He theorized that the victims could be farmers who might have refused to pay "progressive taxes" to NPA rebels operating in Cagayan Valley. In a report to Brig. Gen. [Brigadier General] Orlando V. Soriano, chief of 5th Army Infantry division based in Camu, Isabela, Parazo stated that the remains of the victims were buried at the middle of a rice field in a remote barrio at the foot of the Sierra Madre mountains.

Colonel Parazo said that the troopers were led to the "shallow graves" by Felicisimo Domingo, alias "Commander Limbas," a captured NPA leader operating in the Cagayan Valley. "Commander Limbas" was captured recently by Colonel Parazo and his men near the boundary of Nueva Vizcaya and Isabela. The capture, Parazo said, led to the arrest of two other NPA commanders who were identified as "Ka [Comrade] Romel" and "Ka Cen."

He said that a few days after undergoing extensive investigation by Army intelligence officers, Limbas broke down and admitted having kidnapped and killed six persons. He told investigators that he could no longer recall the names of the victims. He admitted to Parazo that he and his men buried the victims after they shot them one after the other.

Aquino Accepts NPA Quake Zone Cease-Fire

HK2307130790 Quezon City GMA 7 Radio-Television Arts Network in Tagalog 0930 GMT 23 Jul 90

[From "GMA News" program]

[Text] President Aquino has accepted a unilateral ceasefire declaration by the New People's Army [NPA] covering areas badly affected by the earthquake. The president said this was good news if the rebels would stay true to their promise. She clarified though that the law still would be enforced to maintain peace and order and protect all citizens.

[Begin assistant press secretary recording in English] It is my wish, however, that a more [word indistinct] move toward peace be taken by the CPP-NPA-NDF [Communist Party of the Philippines-New People's Army-National Democratic Front], a move that recognizes the realities confronting the communist movement and the futility of its armed struggle. [end recording]

Aquino Rejects CPP, RAM Cease-Fire Call

HK2407021890 Manila MANILA BULLETIN in English 24 Jul 90 pp 1, 17

[By Marcia C. Rodriguez]

[Excerpt] President Aquino rejected yesterday the call of the Communist Party of the Philippines (CPP) and its military arm, the New People's Army (NPA) to the government to declare a ceasefire to allow them to carry out rescue operations in earthquake-stricken provinces.

The Chief Executive welcomed the news the the CPP-NPA-NDF [National Democratic Front] has unilaterally declared a ceasefire in arms devastated by the July 16 earthquake but expressed skepticism about the offer giving indications that real peace does not just mean the absence of war. [sentence as published]

"That is good news if it is true and if they are really sincere. It is my wish, however, that a more meaningful move towards peace be taken by the CPP-NPA-NDF—a move that recognizes the realities confronting the communist movement and the futility of its armed struggle," she said. While it was responding to the communists' call for a truce, President Aquino's decision in effect also meant rejection of a similar proposal for ceasefire made by former lieutenant colonel Gregorio Honasan. Mrs. Aquino last Saturday did not comment on Honasan's recommendation. The President said the government will continue to hunt down extremist forces that are out to destabilize the government.

"The government will continue to enforce the laws of the land, maintain peace and order, and protect the citizenry," she declared. "It will continue to devote its full attention and all the resources necessary for the massive relief, rehabilitation, and reconstruction efforts being undertaken as a result of the widespread damage caused by the earthquake." The government has reportedly become wary of declaring a truce as rebel troops have taken advantage of lulls in fighting in the past to beef up their resources.

Armed Forces Gen. Renato de Villa said last week that "the hunt will go on" in response to a press statement issued last Friday by Honasan who said the RAM [Reform the Armed Forces Movement] had agreed to cease hostilities against government troops to concentrate their on rescue operations for earthquake victims. He asked the government, in turn, to declare its own momratorium on attacks against them. The NPA leadership reportedly ordered last Saturday its guerrillas to stop attacking government troops in Metro Manila and other earthquake-stricken areas in Northern and Central Luzon. [passage omitted]

President Inspects Damage in Home Province

HK2407091990 Manila Manila Broadcasting Company DZRH in Tagalog 0700 GMT 24 Jul 90

[By Dick Sinchongco]

[Text] President Cory Aquino has ordered, on a priority basis, the reconstruction of damaged school buildings in Tarlac Province. The president issued the order when she conducted a visual inspection in her home province to assess the extent of the damage the earthquake caused. According to Press Secretary Tomas Gomez III, who was with the president during her inspection, the damage to roads, bridges, dikes, and other parts of the infrastructure is estimated at 400 million pesos.

Meanwhile, Gomez said the people of Tarlac were offended by the bad publicity some journalists gave to the state of calamity declared in Tarlac. It was alleged a state of calamity was declared in the province because this is the president's province. Gomez said that the people of Tarlac think, in fact, that the president has forgotten them. It was learned the earthquake destroyed about 3,390 homes in this province.

Ramos Discusses Quake Casualties, Relief Work

HK2307152590 Quezon City Radyo ng Bayan in Tagalog 0605 GMT 23 Jul 90

[Interview with Defense Secretary Fidel Ramos by Dong Puno and Tina Monzon-Palma at the Session Hall of the Batasang Pambansa—live in English]

[Text] [Ramos] Yes, good afternoon everybody, this is the latest update as of about 12 o'clock [0300 GMT] today from the National Disaster Coordinating Council. A total of some 900—actually the exact figure is 899—have been confirmed dead all over, with some 3,100 severely injured and 730 still reported missing. Now, in terms of families affected, the report is 142,000 families, representing about 800,000 people, and of this number, there are 17,000 families of about 88,000 members that have been rendered homeless.

There is a massive effort that now is being undertaken in a new area. This is the area between San Jose City and Aritao, Nueva Vizcaya. This encompasses the entire 65-km zigzag road between those two points, the high point of which, and this is the most severely affected area there, is Santa Fe Municipality, or where Dalton Pass is located.

We are also now undertaking physical surveys of some provinces that have hitherto been sending very minimal reports. I am talking about the provinces of Aurora, Ifugao, and Mountain Province, Bontoc. This is the situation insofar as casualties, injured, homeless, and persons affected as of this time.

[Puno] Okay, uh, Secretary Ramos, I think you will agree with us that I think our people have not been wanting in terms of giving a lot of aid, both material and physical resources. But one question that continually recurs is what is the organization that has been set up in order to distribute these relief goods, and including the funds, for example, in an orderly fashion?

[Ramos] Okay, thank you, Dong, for that question, because we certainly have to clarify this. We have a National Disaster Coordinating Council, of which I am the chairman at the national level, but the operators are not only just the national line agencies. There are 24 members at the national level, consisting of departments and nongovernment organizations and agencies at the national level, but the main operating units are at the region, the province, the city, and the municipality.

It is the respective mayors at the city and municipal level that have to operate in regard to the distribution of relief goods and to effect the initial rehabilitation activities that are necessary. The same is true for the provinces; the provincial governors, as chairmen of their respective provincial coordinating councils, are in charge and are responsible. And at the region, it is the regional commander of the PC-INP [Philippine Constabulary-Integrated National Police] who is the chairman of the regional council.

In all of these, including at the national, the line agencies are backed up very, very substantially by all elements of the Armed Forces of the Philippines [AFP] and to a certain extent the Integrated National Police. The AFP, as is already well-known, backs up the various agencies by way not only of rescue, recovery, and initial relief and rehabilitation activities, but also in regard to providing the backbone transportation and communications requirements, where these are not available on a transregional or transprovincial level.

Also, the AFP is providing most of the coordinating activities in regard to the rescue and recovery efforts, because many of these undertakings are being done by volunteer units from various foreign governments and international agencies.

I might mention that we have rescue operating units from the United Kingdom, from Singapore, from Japan, from the U.S., and an advisory group on rescue from France, and very soon we shall also expect a group from the Federal Republic of Germany. In addition to this, of course, there are many more countries and many more international agencies that are providing relief goods, medicines, and material assistance.

[Puno] Okay, so it would not be prohibited, or it would not be contrary to procedures, for example if a civic organization, say like Rotary, or Kiwanis, or Lions, or whatever, go directly straightaway to a provincial governor, or city mayor in a disaster-affected area and then deal directly with the local government in terms of money, in terms of distribution of relief goods?

[Ramos] Uh, there is no prohibition on that, for as long as these organizations do not by themselves, because of their effort to voluntarily provide relief goods and other material assistance, do not task the transportation and communications capabilities that have been set up to service the requirements that must move across provinces and regions.

Meaning, that, uh, if it is at all possible, the Rotary and the other civic organizations, if they wish to do this themselves, must try to provide the transportation from where they emanate from. So, uh, perhaps the local Rotary clubs—let's say within a province, La Union and Pangasinan for instance—should be able to service their respective provincial requirements, utilizing their own transportation capabilities.

However, if it is something that emanates from Manila, our suggestion is that these goods and these material assistance should be delivered to a central point, which is the DSWD [Department of Social Welfare and Development] Operations Center at Villamor Air Base, from which, now, the national, meaning the Philippine Air Force, the Philippine Navy, and other agencies with the transregional and transprovincial capabilities, can deliver this by airlift or by what we call a yellow ball express, which is a land convoy across many provinces to the places where they are needed.

So I hope that our volunteeer organizations will appreciate the fact that there is both a local effort that must be undertaken, and this should be as much as possible within the province insofar as sources and recipients are concerned; and where there is a need for long-range hauling of materials and, therefore, the national must step in, that there be a centralized collecting and recording agency that must handle all of these.

[Palma] Secretary Ramos, considering the, uh...

[Ramos] Uh, may I, I would like to make sure that that message is clear, because there is no prohibition about any kind. We welcome everything that is offered by the concerned citizenry, and by even foreign governments, but that there must be a system that must be adopted and cooperated with insofar as all donors are concerned so that there will be no unusual clogging of the points where we lack facilities, such as transportation and airlift.

[Palma] Secretary Ramos, considering the lack of water, the dwindling food supply, and the shortage of power in Baguio City, are you considering encouraging or even ordering the Baguio people to leave Baguio until rescue and relief operations are completed and give them an assurance that you will be able to secure their places of residence or the buildings in the area. Is there something in this direction that you are taking care of?

[Ramos] Tina, there has been no decision yet at the Baguio-Benguet and Cordillera regional level regarding that. But what we are undertaking very, very quickly is the evacuation from Baguio by airlift, as well as by available land transportation, those that are not resident in Baguio, as well as those that have been injured or those that need assistance of some kind that is not available in Baguio itself.

This is first priority. Now, the eventual evacuation, because this is what I think you are talking about here, of those that are residents in Baguio will have to await a more detailed survey and study and coordination by the regional authorities, as well as the provincial and city authorities there in Baguio and Benguet.

Insofar as food is concerned, we have been assured that with the opening of the Naguilian land line, that this is not going to be lacking. There are some temporary shortages right now, but that will be solved within the next couple of days. There is restriction on the use of Naguilian right now, and that is that from 0600 to 1200 [2100 to 0300 GMT] in the morning that there be no traffic allowed except the work groups of the Department of Public Works and Highways and the Armed Forces of the Philippines Corps of Engineers, because there is still some blasting to be done. Naguilian Road in that stretch of highway near Baguio is still one-lane right now, and so we would like to increase that to two lanes and at the same time reinforce the weak portions of the highway so that we can move in the heavy stuff that are needed for clearing operations.

[Palma] Thank you very much Secretary Ramos.

[Ramos] Thank you, you're welcome.

800 Muslim Rebels Surrender in Lanao del Sur

HK2307131190 Quezon City GMA 7 Radio-Television Arts Network in Tagalog 0930 GMT 23 Jul 90

[From "GMA News" program]

[Text] More than 800 Muslim secessionist rebels surrendered yesterday in Balo-i, Lanao del Sur and gave up some 600 assorted firearms. Defense Secretary Fidel Ramos received the rebel surrenderees at a ceremony held at the Task Force Diamond headquarters. The number of rebel returnees since 1987 has now reached 7,000.

Thailand

Trade Board Supports U.S. on Patent Protection

BK2307014290 Bangkok BANGKOK POST in English 23 Jul 90 p 17

[Text] The Board of Trade [BOT] supports the amendment of Article 9 of the Patent Act BE2522 [1979] to include pharmaceuticals and their ingredients, foods, beverages and farm machinery products.

The BOT issued a 25-page statement last week saying the country could develop a strong pharmaceutical industry by providing it with patent protection. BOT executive director Prayun Thaloengsi submitted the proposal to Commercial Registration Department Director-General Somphon Kiatphaibun, who chaired an intellectual property rights sub-committee meeting on July 20.

The statement was the first by the private sector umbrella body supporting moves by the United States to force the Thai Government into protecting pharmaceuticals under the Patent Act. The US has threatened to exercise Section 301 of its Trade Act against Thailand if Bangkok resists demands for intellectual property rights protection, especially for pharmaceutical products. In late April the US Trade Representative said Thailand would remain on its priority watch list for possible trade action if the Government still has made little progress in protecting intellectual property rights. The US wants to see amendments to the Patent Act BE 2522 made before the end of the year.

The BOT support runs counter to moves by certain industry associations including the Thai Pharmaceutical Manufacturers Association, the Federation of Thai Industries' Farm Machinery Club and a number of academic groups which want the Government to resist the US pressure.

The BOT said it supported an amendment of the Patent Act by comparing case studies from countries. It also said it was very confident protection for pharmaceuticals and farm machinery would have a positive effect on the Thai economy. The comparative study showed Italy, Canada and Britain (from 1919-1949) did not provide pharmaceutical protection and had thus failed to develop strong pharmaceutical industries. These industries developed very rapidly after the governments decided to provide protection.

The statement said foreign companies could not completely dominate the local industry by controlling all new products as the time between registering a patent and marketing the product was enough for local producers to adapt.

After 10-12 years, the Thai pharmaceutical industry is expected to have developed to a level where it can compete with international companies.

The BOT also believes only 8 percent of all pharmaceutical products sold here are protected by patents. Pharmaceutical protection would not result in international companies blocking the growth of small and medium-sized companies as only a certain number of drugs are protected by patents and the rest are generic, it said.

The BOT claimed protection would help the industry attract the capital needed for research. There is now no economic incentive for a Thai company to research and develop its own products as they can survive by copying and importing products developed by companies outside the country.

The BOT believes that after a patent system is adopted, small and medium-sized companies will need to either merge or try to attract more capital so they can grow and compete in the generic sector.

Quality pharmaceutical products are also expected to be produced to compete with the new pharmaceuticals.

The patent system is expected to help the Thai Government achieve its goal of increasing research and development, encourage the transfer of technology from foreign countries, increase the dissemination of information and develop labour skills.

One analyst said the BOT proposal would help the Thai Government meet the US demands as it represents strong private sector support through its 48 trade association members.

Official Denies Burmese Troops Seized Territory

BK2307090990 Bangkok Domestic Service in Thai 0530 GMT 23 Jul 90

[Excerpt] According to a Radio Thailand correspondent in Mae Hong Son Province, there is no truth to the report that Burmese soldiers have seized Thai territory in Mae Hong Son Province. The following is his report:

[Begin recording] [Correspondent] The report on the border situation, which says that Burmese soldiers have pursued Karen soldiers into Thai territory at Doi Saeng village, Muang District, Mae Hong Son Province and that 200 Burmese soldiers have seized the village, has been denied by Mae Hong Son Governor Pramuan Ruchanaseri.

[Pramuan] The report that 200 Burmese soldiers crossed the border into Doi Saeng village and seized the village is untrue. The report was probably fabricated by the Karens. We have verified the situation and wish to say that there has been no occupation of our territory. Rumors are spreading that there will be another Burmese incursion into our territory today. Officials today held a meeting to evaluate the situation and agreed that there was fighting in Burmese territory and that Burmese soldiers pursued Karen soldiers into Thai territory. These soldiers were not aware that they had violated our territory because there are no clear border signs in the mountainous terrain on the border. The Burmese soldiers withdrew immediately when they discovered that they were in Thai territory. It is evident that there was no deliberate Burmese intention to violate Thai territory. [end recording] [passage omitted]

Chatchai Government Survives Censure Vote

BK2207130590 Bangkok BANGKOK POST in English 22 July 90 p 1

[Text] The government yesterday defeated the Opposition no-confidence motion in Parliament by a vote of 220-38, with the Opposition split between attending and boycotting the session.

Puang Chon Chao Thai and Prachakon Thai MPs [members of parliament] attended the vote while Solidarity and Phalang Tham MPs boycotted it. The latter two were protesting against PM's [prime minister] Office Minister Chaloem Yubamrung's refusal to withdraw his accusation of tax-evasion against Solidarity secretary-general Chaloemphan Siwikon despite being ordered to by House Speaker Pancha Kesonthong.

Puang Chon Chao Thai insisted it would have joined the boycott if the opposition leaders had met to agree on it before the vote. Prachakon Thai leader Samak Suntharawet, who was absent from the voting, said he could not get to the House in time and did not know why his MPs had attended the meeting. "They were not supposed to," he said.

The Opposition, with the exception of Puang Chon Chao Thai, had walked out as the debate was coming to an end on Friday night in protest against the Speaker's failure to force a retraction from police Capt [Captain] Chaloem. Prachakon Thai MPs later said they had not walked out but were merely taking a break.

The House reconvened at 10:30 a.m. yesterday with 281 MPs in attendance. But Solidarity and Phalang Tham MPs stayed out of the meeting chamber. To pre-empt delaying tactics, the Government voted to suspend voting by roll-call.

House Speaker Pancha called the no-confidence vote and coalition MPs defeated the motion by 220-38. Of the 38 against, 22 were from Prachakon Thai and 16 were from Puang Chon Chao Thai, whose member for Loei, Phinit Sitthiho, was absent.

When the vote was being tallied, Prime Minister Chatchai Chunhawan walked down from the Cabinet seat to talk with Puang Chon Chao Thai leader Gen [General] Athit Kamlang-ek and other opposition MPs present. The five-minute meeting was then adjourned.

Mr Samak, who arrived after the vote, said he woke up late. He said he had heard on the radio that his MPs had voted. "I am confused because yesterday we had agreed to sign the attendance book but not to attend the meeting," he said.

Asked about rumours that he had softened his attack during the debate, the Prachakon Thai leader said his party had presented a strong case against the Government and he was dismayed by the charges. He admitted that he had not grilled Interior Minister Banhan Sinlapa-acha as fiercely as he would have liked because the two have a defamation suit pending in court. Though he has immunity from prosecution in Parliament, Mr Samak argued that the judge may have been listening to the debate which could have affected the verdict.

Asked if he wanted to join the coalition government, Mr Samak angrily shot back: "How can you ask such questions? Didn't you see how I hit out at the ministers?"

Asked what he would do if asked by the Government to join the coalition, Mr Samak joked: "I'd take the matter to the party meeting."

Gen Athit said his party had not joined the walkout because it had sponsored the censure motion, and because the Government had enough MPs to make a quorum and continue the debate without the Opposition. He said that though Capt Chaloem was wrong to defy the House Speaker, the minister had left the meeting chamber and the Opposition should have continued the debate. Gen Athit said before the vote that his party would join the boycott if the opposition leaders had met beforehand to decide this. However, no meeting was called.

Gen Athit said after the Government had won that the Opposition's low vote reflected an internal difference of opinion. "Whether the no-confidence vote was 20 or 30, it is still a vote of no-confidence. History would record that we have done our duty," he said, adding the Prime Minister's favourite phrase, "No problem."

Gen Athit evaded a question about reports that Puang Chon Chao Thai would join the coalition government.

Prachakon Thai secretary-general Koson Krairoek said the party's MPs had joined the voting yesterday because they had wanted to hear the verdict on their attempt to unseat the Government.

Agriculture Minister Accused of 'Corruption'

BK2007034190 Bangkok BANGKOK POST in English 20 Jul 90 pp 1, 3

[Text] Opposition MPs [members of parliament] yesterday fiercely attacked Agriculture Minister Sanan Khachonprasat for being allegedly corrupt and unusually wealthy, with the minister heatedly calling the charges "a pack of lies".

The opposition bench launched wave after wave of corruption allegations against the Democrat minister from morning until early evening, saying he had gathered a vast personal fortune including expensive houses through graft.

Maj-Gen [Major General] Sanan accused some of the MPs of having no honour, ethics and manners. He said he began in politics with a certain amount of wealth and only has two houses—one in Nonthaburi and the other in his Phichit constituency.

Solidarity MP for Phetchabun Charat Phuachuai launched a stinging broadside against Minister Sanan, accusing him of abusing his authority to amass huge wealth and to acquire land for his personal benefit. Charat alleged that during 1983-1986, Maj-Gen Sanan, who was then an ordinary MP, owned a small house in Tambon Tha Sai of Nonthaburi that had also been mortgaged. In 1986, he was appointed deputy communcations minister and became unusually wealthy, he charged, with bank accounts at the Siam Commercial Bank's Sutthisan branch and Thai Farmers Bank's Tiwanon branch totalling 9.1 million baht. He showed what he claimed were statements from the two banks. The documents were submitted to House Speaker Pancha Kesonthong.

Calculating his salary as an MP and a Cabinet member, Charat noted that at most, Sanan should have saved 2-3 million baht during his year's tenure as deputy communications minister. He said the minister's small house in Nonthaburi had been expanded and renovated, and is now worth some 14 million baht.

The Solidarity MP accused Sanan of giving special approval for the Kaset Rungruang company to build 41 lighters and a suction boat to transfer tapioca flour from lighters to sea-going vessels. He alleged that the deputy communications minister had allowed Bangkok Cranage Company to monopolise loading and unloading at Khlong Toei port.

Charat said that in 1988, Sanan, as agriculture minister, misused his authority to occupy 200 rai [approximately half an acre] of land in a forest reserve in Thong Pha Phum District, Kanchanaburi. Government-owned tractors were used to clear the land for a resort, and a four-million-baht reservoir was built with state funds, he charged.

The minister, Charat alleged, had illegally acquired mountainous land in Phetchabun, bordering his home province of Phichit, under the name of his driver to build a house, and had ordered the Land Development Department to dredge a reservoir to irrigate his tamarind orchard. "I don't know how a No So 3 document could be issued because the land in Phetchabun had been declared part of the land reform programme," he said, alleging that the Highways Department had moved the provincial border marker about two kilometres into Phichit so that the land would be in Phichit Province, which would exempt the land from land reform.

Charat said he would file a complaint with the Counter-Corruption Commission that the Land Reform Office had issued the No So 3 document to Minister Sanan, that the Highways Department had illegally moved the border marker and that the land Development Department had built the reservoir for the minister's use.

The opposition MP also accused the minister of buying 62 rai of land in Nakhon Nayok for 18 million baht.

"He (Sanan) has a new Volkswagen given to him by an arms dealer," Charat alleged.

Maj-Gen Sanan denied all the charges. "The honourable MP has no honour or ethics. He has made up a pack of lies against me. I never though that Khun Charat could be such a man of nonsense," he said.

He was no stranger to money, he said, because he had been in the newspaper business after serving a prison term for his involvement in a failed coup attempt in 1977. He said he built his house in Nonthaburi in 1970 and had been adding to it for 20 years. He denied it was worth 14 million baht. His only other house was built in Phichit in 1983 before he became an MP, he said. He denied having a summer home in Kanchaburi or land in Nakhon Nayok and Phetchabun.

He had received no kickback from the Kaset Roongruang company, he said. He had forwarded the company's request to build 41 lighters to the Harbour Department in March 1988 but the Democrats pulled out of the Government and the House was dissolved in April, and approval was given six months later when he was no longer in that portfolio.

As agriculture minister, he admitted, he had built the four-million-baht water reservoir and also a 200-million-baht reservoir in Phetchabun as part of his policy of improving irrigation. He asked how he could have changed the provincial border to gain land for personal use.

On the charge that he had 9.1 million baht in his bank accounts in 1988, he said those were campaign contributions for the general elections at the time. He said Mr Charat had not pointed out that his accounts were in the red by two million baht prior to the elections, nor that following the elections and to this day his accounts are still in the red by that amount.

The minister said the new Volkswagen was not given to him by an arms merchant but by a newspaper. He did not elaborate.

Solidarity Party deputy leader Bunchu Rotchanasthian repeated last year's charges against Minister Sanan that the scheme to lift paddy prices by buying a million tons of rice from exporters had only caused them to report false stocks of paddy. Some 128,000 tons are still missing from the stocks, with Kaset Roongruang allegedly having the largest share. He said that agricultural growth in the last two years has fallen to 2 percent from a previous high of 8 percent a year because "this government is the most corrupt the country has ever seen". He also repeated charges that the ministry's purchases of fertiliser had been more expensive than market prices, and someone had "pocketed" 100 million baht since last year. Some 114,000 tons of fetiliser could not be sold so prices had to be cut by 1,000 baht a ton causing a large loss to the state, he said.

Chatchai Claims Progress in Indochina Policy

BK2107042590 Bangkok THE NATION in English 21 Jul 90 p 4

[Text] Prime Minister Gen [General] Chatchai Chunhawan yesterday defended his "dual-track" diplomacy and claimed that his policy to turn the Indochina battlefield into a marketplace was bearing fruits. He also tried to play down Thailand's territorial disputes with neighbouring Laos. "We should not fuss over a small piece of land of no significance," Chatchai told the House in response to charges by the Opposition that as defence minister he had failed to protect the country's territorial sovereignty, especially in disputes with Laos.

Chatchai, who is also defence minister, denied a charge by Solidarity MP [member of parliament] Suthi Phuwaphun (Surin) that he tried to overshadow the Foreign Ministry with his initiative to turn the Indochina battlefield into a trade zone. The prime minister, who turned Thailand's policy toward Cambodia around by making direct contact with the Vietnamese-backed government in Phnom Penh, claimed that the initiative had almost accomplished its objective. "As far as Laos is concerned we have been successful. And the goal to turn Cambodia into a marketplace is within reach," he said.

He claimed that the US decision to withdraw recognition for the UN-supported Cambodian resistance government was a show of American support for his Cambodian policy.

While denying he had conflicts with Foreign Minister Sitthi Sawetsila on the Cambodian problem, Chatchai said they were jointly pursuing the "dual-track" diplomacy—formal and quiet diplomacy. "We have two tracks to walk on one on the ground and the other underground. The foreign minister has to walk on the ground because of Thailand's commitments with the international community. But I can go underground—or even swim—to achieve our objectives," he said. Chatchai said Sitthi and he set off on different routes but would reach the same destination in the end.

He said it is government's policy "to do business wherever possible." "In some places, there is fighting. But wherever we can trade, we'll do it. That's the Thai-style, easy-going," he said.

MP Suthi said his constituency was on the Thai-Cambodian border and the presence of the Cambodian resistance troops who are fighting the Phnom Penh government had caused hardships to local villagers. "Deep down, the people on the border are weeping because they can't live in peace," he said.

The MP also said the illegal trade of war weapons in Thailand was thriving because the resistance continue to get arms supplies from foreign soruces. Chatchai blamed the superpowers for the arms flow through Thailand to the resistance forces. "What we have done is to tell them (the superpowers) to slow it down but there is little we can do about it," he said, in response to criticism of his government's inability to halt the foreign arms flow. Chatchai claimed that arms manufacturers wanted the fighting in Cambodia to continue so they can test their new weapons, "particularly small firearms." He did not elaborate.

Suthi also criticized Chatchai for his shortcomings as defence minister. Chatchai argued that as defence minister he is in charge of only policy and budget matters. "There are clear-cut lines of command at the Supreme Command, the army, the air force and the navy. They are already well taken care of by their commanders," he said.

Chatchai denied any knowledge on a charge that a development mobile unit of the Supreme Command misused the equipment that should have [been] sent to their base in Borai district of Trat province for a major water reservoir project. Suthi said that the mobile unit used the equipment in an illegal joint venture with Rattanachat Co in digging for precious stones in the area. The water reservoir has never been built, he added. Chatchai said he would investigate the charge.

Reacting to Suthi's charge that he failed to step in to help villagers facing eviction from areas claimed by the military despite the fact that the people had settled there even before the announcement that the areas were living area military's restricted zones. [as published] "I can give an assurance that ever since I took office as defence minister, no single soldier has encroached on villagers' land. It has always been the other way around—villagers encroaching on military areas," Chatchai said.

Opposition Stages Walkout From Debate 20 Jul

BK2107035990 Bangkok THE NATION in English 21 Jul 90 pp 1, 2

[Text] Opposition MPs [members of parliament] staged a walkout last night to protest PM's [Prime Minister's] Office Minister Chaloem Yubamrung's refusal to retract a tax evasion accusation against Chaloemphan Siwikon of the Solidarity Party and threatened to boycott this morning's vote of confidence on the government. The walkout came about three hours before the no-confidence debate ended at 11.40 pm [0440 GMT]. Premier Chatchai Chunhawan wound up the three-day debate with a statement defending his government's records in the absence of most of the opposition MPs.

In his statement, Chatchai denied all corruption charges and the other allegations made by the Opposition and claimed his 22-month-old administration had scored many economic achievements and lifted the people's standard of living.

The Solidarity Party, the biggest opposition party, last night threatened to boycott this morning's vote of confidence unless House Speaker Pancha Kesonthong penalized Chaloem for ignoring his order to retract his charge against Chaloemphan.

Chatchai said he did not care whether the opposition parties would attend the final session this morning. "The government has the majority in the House and would win anyway," said Chatchai who also reprimanded the opposition for the walkout.

Pancha dismissed a call by Solidarity MP Dusit Sophitcha for him to resign if he failed to take action against Chaloem. "I did nothing wrong," said Pancha whose repeated orders for the PM's Office Minister to retract his statement were ignored. "I ordered him to retract but he refused. What could I do?" he asked.

Pandemonium broke out in the assembly hall at about 8.25 pm [0125 GMT] when Chaloem charged that a firm owned by Chaloemphan, the secretary general of the Solidarity Party, evaded tax payment, drawing a strong protest from the opposition leader and his fellow Solidarity MP Piyanat Watcharaphon. House Speaker Pancha tried unsuccessfully to get Chaloem to withdraw his accusation. But an adamant Chaloem did not budge and chose to leave the assembly hall instead of making a retraction.

Pancha briefly suspended the live broadcast of the session after angry MPs of Prachakon Thai Party led a walkout by the oppositionists at 9 pm [0200 GMT]. Pancha responded by ordering a 10-minute break. A total of 188 MPs, including 10 Puangchon Chaothai MPs led by former supreme commander Gen [General] Athit Kamlang-ek, remained in the assembly hall. The speaker thanked the Puangchon Chaothai MPs for their presence.

Athit later explained to reporters that his MPs did not join the walkout because Chaloem had already left the meeting hall. "Even if we had walked out, the remaining MPs would have made up a quorum for the session to continue anyway," he said. He also denied speculation that his party wanted to join the coalition government.

The live transmission resumed shortly afterwards and the session continued with the absence of MPs from the opposition Solidarity, Prachakon Thai and Phalang Tham parties. They ignored Pancha's repeated pleading for them to return to their seats.

Cabinet members, including Commerce Minister Subin Pinkhayan and Communications Minister Montri Phongphanit, were given the floor after the commotion to defend themselves against opposition charges.

As the ministers were clarifying charges against them, the opposition MPs held a meeting outside. They later submitted a petition to Pancha, calling on him to discipline Chaloem for violating House regulations. They insisted that Pancha order Chaloem to take back his words or ban him from the House meeting for a period. By that time, Chaloem had slipped back into the the assembly hall. Uthai Phimchaichon, a deputy leader of Solidarity Party, said Pancha failed to maintain order and allowed political manoeuvring in favour of the government.

Chaloemphan said Chaloem had deliberately caused the stalemate because he could not clear himself of graft charges. "If the speaker fails to force Chaloem to take back his words, the opposition MPs will boycott tomorrow's (today) meeting," he said. MPs are scheduled to cast a confidence vote on the government this morning.

Prime Minister Chatchai was absent during the walkout but returned to the meeting hall apparently to exchange pleasantries with Gen Athit reinforcing earlier speculation that the premier would bring Puangchon Chaothai into the coalition government after the censure vote. Athit, however, told reporters that the premier only thanked him for his continued attendance.

In his brief exchange of words with Chaloem during the debate, Chaloemphan, a well-known businessman, demanded that the minister retract the accusation, challenging Chaloem to take legal action against him if he had evidence. A defiant Chaloem refused, prompting Piyanat to demand the speaker to order the minister to comply—but to no avail.

That second refusal prompted Uthai to advise Pancha to order Chaloem out of the meeting hall. "The motion is to grill the Cabinet and it's the right of ministers to defend themselves. No more, no less. The parliamentary crisis would not have occurred if it had not been for a Cabinet member. After all that has been said and with the minister still defying the speaker's order, the speaker should have officially invited him out of the meeting," he said.

Pancha's indecision caused Koson Krairoek of the Prachakon Thai Party to threaten that his party MPs would walk out if the speaker failed to follow Uthai's advice. "And Prachakon Thai Party will propose that the meeting be adjourned to Monday," Koson added.

At this point, Chaloem said he would not withdraw his charge but he agreed to leave the meeting hall voluntarily.

Deputy Interior Minister Trairong Suwannakhiri later told reporters that he had advised Chaloem to leave. "There was nothing unusual about the incident. It did not tarnish the image of the House. I asked Chaloem whether he was confident of his information on Chaloemphan and he replied he was. So, I told him that he should not take back his words but should show respect for the speaker by leaving the meeting hall," he said.

He said the walkout by the opposition MPs caught Chaloem by surprise.

During his debate, Chaloemphan also lashed out at Premier Chatchai for his easy-going style and his lack of credibility, failure to distribute wealth to the poor, ignoring the importance of the agricultural sector and his preoccupation with big projects. Under this government, "only a handful of people have become richer and richer," he charged.

Chaloemphan also accused the premier of turning a blind eye to alleged corruption in the Cabinet. He said he had heard numerous complaints about alleged widespread irregularities from foreign diplomats. "I am an honorary consul for Tunisia and I have heard that corruption in Thailand was the worst in the world after (former president) Marcos was ousted from power in the Philippines," Chaloemphan said.

He claimed that former army chief Gen Chawalit Yongchaiyut had to quit the government because he could not tolerate corruption. "Gen Chawalit had mentioned the alleged corruption in connection with the advertising contract between the Mass Communications Organization of Thailand [MCOT] and Little Duck Co Ltd, only to come under fire from Chaloem," Chaloemphan said.

Chaloemphan devoted the rest of his time to grilling Chaloem. He recalled that the Counter Corruption Commission had ruled that there were irregularities over the Little Duck scandal.

The Solidarity secretary general also charged that the concession given by the MCOT to the International Broadcasting Corporation (IBC) of Dr Thaksin Shinawat to operate a cable TV station in Bangkok smacked of irregularities. Dr Thaksin and Chaloem had helped each other even before the last general election in 1988. He said the MCOT granted the contract to IBC without a bidding and that the returns to the state enterprise over 20 years amounted to only Bt (Baht) 120 million.

Chatchai gave a brief response to Chaloemphan's accusations. He said Chaloemphan failed to understand the jokes he cracked in public and during his overseas trips.

Interior Minister Banhan Sinlapa-acha took the opportunity to defend himself against all charges made in the past three days. His clarifications covered his alleged involvement in Saha Sichai Chemical Co Ltd, alleged by the Opposition of failing to pay royalties for salt mining; his role in the crackdown on radical Muslim Shi'ites at the Kruze demonstration in Pattani; the accusation that he was behind the violent suppression of villagers protesting against salt mining along Nam Siao River in Maha Sarakham; and alleged irregularities in the skytrain project.

At this point, Chaloem tried to take the floor but Pancha asked him to wait for Sanya Sathirabut, a Bangkok Prachakon Thai MP, and Dusit Sophitcha, a Solidarity MP from Ubon Ratchathani, to debate against the prime minister. Chaloem refused to sit down despite repeated orders by Pancha, prompting a protest by Piyanat. Premier Chatchai left his seat to sit beside Chaloem. After a brief talk, Chaloem agreed to sit down.

At that moment, a Parliament official informed Pancha that he had received a phone call from an unidentified person claiming that the military had seized power.

Sanya took the opportunity to defend his party leader, Samak Suntharawet, against a charge by Deputy Interior Minister Watthana Atsawahem, that the opposition leader was behind the illegal labour export to Taiwan by a job placement company. He said Samak had nothing to do with the company.

Police Remove Posters Criticizing Press Bills

BK2407033790 Bangkok THE NATION in English 24 Jul 90 p 1

[Text] Police from the Special Branch Division are removing a poster that criticizes the government-sponsored press bills from public places, according to police sources and the editor of MATICHON newspaper.

The poster, depicting three monkeys with their hands over their eyes, ears, and mouth—the "see-no-evil, hear-no-evil, speak-no-evil" image—charges that the government is trying to close the ears, eyes and mouth of the public through the press legislation.

Interior Minister Banhan Sinlapa-acha has apparently taken offence at the Assembly of Thai Journalists poster, on top of which is the legend "Thai people under the time of Banhan, Sano and Chatchai." According to one police source, the minister has ordered the Police Department to investigate whether the poster could constitute a legal offence.

Banhan, his deputy Sano Thianthong, and Prime Minister Chatchai Chunhawan have played a key role in introducing two bills to replace Decree 42, which gave the government unilateral powers to close down newspapers. Journalists have charged that the bills would place even more controls on the press than Decree 42, which they have campaigned to have abrogated unconditionally.

Sources said Banhan thought that the monkeys were meant to ridicule him and ordered police to consider action against those responsible for printing the posters.

Police sources said yesterday that police from the Special Branch Police Division have removed the campaign posters from public places after receiving an order from the Police Department.

MATICHON newspaper editor Phongsak Phayakwichian, a member of the House committee scrutinizing the press bills, said the police had removed the posters and denounced the action as showing the government's desire to "close the people's ears and eyes."

Commenting on the controversial poster, the dean of Chulalongkon University's Faculty of Communication Arts, Dr Darun Hiranrak, said yesterday she thought the three monkeys were attempts to represent people who cannot hear, speak or see and as such could not constitute a legal offence. "Instead of considering legal action against the publishers, the government should ponder whether people are really like the description on the posters," she said.

A lecturer at Thammasat University's Faculty Journalism and Mass Communication, Chawalit Panyarak, said he thought the three monkeys merely represented people whose right to news reporting had been curtailed by the press bills. "If the government really wanted to take legal action against the poster publishers, that would be too cruel," he said.

The House committee is studying the two government-sponsored bills together with five other pieces of press legislation proposed by MPs but no significant progress has been made so far, according to Phongsak. The panel plans to invite MPs who sponsored the five bills, academics and members of the press for further discussion of the legislation, he said.

Vietnam

U.S. Policy on Cambodia Called 'Encouraging'

BK2407075990 Hanoi VNA in English 0706 GMT 24 Jul 90

[Text] Hanoi VNA July 24—The army paper "QUAN DOI NHAN DAN" today welcomes as an encouraging policy change U.S. Secretary of State James Baker's statement that the United States would withdraw its recognition of the Coalition Government of the Democratic Kampuchea and open dialogue with Vietnam on the Cambodia issue.

James Baker's statement, the paper says, is a heavy blow at the three Khmer Rouge-manipulated Khmer opposition factions and a recognition of Vietnam's goodwill and flexible attitude in the process of negotiation on Cambodia, particularly the recognition of the complete withdrawal of Vietnamese troops from Cambodia.

It is expected that the ASEAN member countries will have concrete deeds in conformity with reality and the common trend, and that the United Nations could play a more active role in settling the Cambodian issue by putting an end to its recognition of the tripartite coalition at the United Nations.

People also hope that following the U.S. secretary of state's statement, the Washington Administration will take neccesary measures including the cessation of aid supply to the Khmer opposition factions, the lifting of its embargo against Vietnam and Cambodia, and the holding of its direct talks with Hanoi and Phnom Penh. By doing so, the United States will contribute to the solution of the Cambodia issue, creating an atmosphere of peace, friendship and cooperation in Southeast Asia, the paper concludes.

Vice Minister Views USSR Labor Cooperation

BK2107064190 Hanoi Domestic Service in Vietnamese 1430 GMT 18 Jul 90

[Article by Nguyen Thi Hang, vice minister of labor, war invalids, and social welfare: "Labor Cooperation Between Vietnam and the Soviet Union Under the New Situation"]

[Summary] "Talks on Vietnam-USSR labor cooperation under the new situation were held in Hanoi recently with the aim of consolidating and stabilizing the Vietnamese labor force in the Soviet Union. The Vietnamese delegation was headed by Comrade Nguyen Thi Hang, vice minister of labor, war invalids, and social welfare, and the Soviet delegation by Comrade Kostin, vice chairman of the State Committee for Labor and Social Problems.

"The talks proceeded in an atmosphere of mutual understanding, frankness, and practicality and achieved fine success. The two sides signed Protocol No. 13 on implementation of a number of issues relating to the residence and work of Vietnamese laborers in the Soviet Union as elaborated in the intergovernmental agreement signed on 2 April 1981.

"The situation of Vietnam-USSR labor cooperation has undergone new, complex changes. In the recent past the Ministry of Labor, War Invalids, and Social Welfare coordinated closely with various responsible sectors and the Vietnamese Embassy in the Soviet Union in adopting certain measures to stabilize the situation. During his visit to the Soviet Union in May 1990, the comrade minister of labor, war invalids, and social welfare of Vietnam met and worked with the chairman of the Soviet State Committee for Labor and Social Problems. As a result, many issues were solved."

In this second round of talks, the two sides continued to seek various solutions to the existing issues.

"It should also be pointed out that there are certain difficulties in the Soviet Union at present. Apart from facing a scarcity of consumer goods, the country is currently in the period of adjusting conceptions to shift to a regulated market economy. The problem of disorder at the Sheremetyevo International Airport No. 2 in Moscow is especially a matter of deep concern for both sides.

"Some 80,000 Vietnamese laborers are currently working at various enterprises and economic organizations in the Soviet Union, with the length of service four years for female laborers and six years for male laborers."

Following are the contents of the main articles of Protocol No. 13:

"The two sides unanimously note that effective measures must be adopted to ease the state of disorder and tension at the Sheremetyevo International Airport No. 2 in Moscow.

"All authorized organs of the two signatory sides will coordinate closely with other competent organizations concerned in carrying out necessary tasks to ensure safety for the lives and legitimate and rational property of Vietnamese citizens during the time they are working and residing in the Soviet Union, as well as during the time they are leaving the Soviet Union through the Sheremetyevo International Airport No. 2 in Moscow.

"The Soviet delegation met and worked with Comrade Deputy Interior Minister Pham Tam Long to exchange views on the need to ensure close coordination between various competent organs of the two sides, especially concerning the adoption of effective measures by the Soviet side to arrest and send back to the Socialist Republic of Vietnam Vietnamese laborers who have abandoned their jobs without asking for permission from their enteprises and who are living and working illegally, or who have failed to abide by the decisions of various competent organs concerned to deport them from the Soviet Union."

To ensure efficiency in managerial work under the new situation, the two sides agreed to move the number of Vietnamese laborers in Moscow to other localities that need or are capable of receiving laborers. Those who do not want to be moved to other localities can be sent back to Vietnam.

To arrange for Vietnamese laborers' trips to and from Moscow, the two sides agreed to set up a travel service organization. The formulation of plans for this organization must be completed before 1 September of this year so it can begin operation in 1 January 1990.

"One of the contents of this round of talks was the issue of sending goods home. The two sides once again affirmed the living and working conditions and interests of Vietnamese laborers, including systems of purchasing goods and sending personal belongings to Vietnam that must be implemented in accordance with the intergovernmental agreement signed on 2 April 1981 and other documents."

The two sides also exchanged views on implementation of the protocol on sending and receiving laborers in 1990 and agreed that the number of Vietnamese laborers to be sent to the Soviet Union will be determined in the next round of talks.

Lao Supreme Assembly President Arrives 23 Jul

BK2307161190 Hanoi VNA in English 1529 GMT 23 Jul 90

[Text] Hanoi VNA July 23—Nouhak Phoumsavan, president of the Lao People's Supreme Assembly and Politburo member of the Lao People's Revolutionary Party Central Committee, arrived here this morning for an official friendship visit to Vietnam.

The Lao guest was welcomed at the Government Guest House by Le Quang Dao, chairman of the National Assembly, member of the Communist Party of Vietnam Central Committee [CPV CC]; Tran Duc Luong, vice chairman of the Council of Ministers and member of the CPV CC; Nguyen Viet Dung, secretary general of the State Council; Phung Van Tuu, vice chairman of the National Assembly; and other senior officials.

Lao Ambassador to Vietnam Bouasi Chaleunsouk was also present.

Chairman Le Quang Dao, on behalf of the Vietnamese National Assembly and people, welcomed President Nouhak Phoumsavan and other Lao guests, hailing their visit to Vietnam as a new manifestation of the close friendship between the two countries and a great encouragement to the Vietnamese people in their cause of renovation, national construction and defence.

President Nouhak Phoumsavan sincerely thanked the National Assembly and people of Vietnam for their warm welcome to his delegation and fraternal feeling towards the Lao people. He expressed the hope that the visit would contribute to the consolidation and strengthening of the long-standing friendship and cooperation between the national assemblies and peoples of the two countries.

VNA Reports Activites

BK2307160890 Hanoi VNA in English 1533 GMT 23 Jul 90

[Text] Hanoi VNA July 23—Talks were held at the presidential palace here this afternoon between Chairman of the Vietnamese National Assembly (NA) Le Quang Dao and President of the Lao People's Supreme Assembly (PSA) Nouhak Phoumsavan.

The two sides informed each other of the situation in their respective countries and exchanged views on the further [word indistinct] development of the friendship and cooperation between Vietnam and Laos, especially between the two national assemblies. They also discussed international and regional issues of mutual concern.

Later in the afternoon, President Nouhak Phoumsavan and his party paid a visit to the Dong Xuan knitwear factory in Hanoi.

They were warmly welcomed by a large number of the factory's cadres and workers. They were shown round main sections of the factory whose products have been exported to European and Asian countries and highly appreciated by foreign clientele.

This evening, a banquet was held by Chairman Le Quang Dao at the palace in honour of President Nouhak Phoumsavan and other distinguished Lao guests.

NHAN DAN Hails Visit

BK2307094090 Hanoi VNA in English 0701 GMT 23 Jul 90

[Text] Hanoi VNA July 23—The national daily NHAN DAN describes the official visit to Vietnam due to begin today by Nouhak Phoumsavan, president of the Lao People's Supreme Assembly and Politburo member of the Lao People's Revolutionary Party Central Committee, as of important significance.

The paper says that the visit is taking place in a context when the world situation is changing rapidly and complicatedly, and the Vietnamese and Lao peoples are carrying out the renovation processes initiated by the party congresses of the two countries.

It continues: "Vietnam and Laos, two close neighbors of long-standing relations, have been sharing weal and woe, and assisting each other. For several decades now, the Vietnamese and Lao peoples, under the leadership of the two fraternal parties, which stemmed from the same origin, have stood side by side in a struggle against the same enemies, and for the same ideal, and won the same victories. Through those revolutionary stages full of hardships and difficulties, a pure, loyal, and long-lasting friendship has been built between the two nations, which is a decisive factor for the victory of the revolution in each country.

"The present situation requires the two peoples to promote their special relations and wholehearted mutual assistance, at the same time strengthen the close relations between the two states on the basis of respect for the independence and sovereignty of each country, equality and mutual benefits with a view to stepping up the process of revolution in the two countries and contributing to the struggle for peace, stability, and cooperation in Southeast Asia and other parts of the world."

Do Muoi Visits Naval Unit, Cat Ba Island

BK2107110690 Hanoi Domestic Service in Vietnamese 2300 GMT 20 Jul 90

[Text] Comrade Do Muoi, member of the party Central Committee Political Bureau and chairman of the Council of Ministers, recently paid a working visit to a Naval unit and the island district of Cat Hai in Haiphong municipality. He was accompanied by comrades Le Danh Suong, secretary of the municipal party committee; Dao An, chairman of the Haiphong Municipal People's Committee; and Lieutenant General Hoang Huu Thang, acting commander of the Navy.

At the 170th Brigade of the First Naval Zone, Chairman Do Muoi heard various unit leaders report on the situation regarding training activities and the welfare of cadres and combatants in the brigade. He met and chatted with cadres and combatants of the two patrol boats, HQ-203 and HQ-206.

On behalf of the party Central Committee and the Council of Minsiters, Chairman Do Muoi commended the Navy for having overcome all difficulties and hardships in satisfactorily fulfilling its assigned missions. He urged cadres and combatants of the Vietnam People's Navy to constantly study, cultivate their ethics, strenuously undergo training, and satisfactorily use and maintain various military equipment. In the renovation, the Navy must surge forward to satisfactorily perform the duty of guarding the fatherland's territorial seas in conjunction with efforts to exploit the sea economy and to renew its material-technical bases while improving the material and spiritual life of its cadres and members, thus contributing to developing socioeconomic activities in general and the sea area in particular.

Afterward, Chairman Do Muoi visited Cat Ba Island, the island district of Cat Hai, and had a working session with the standing bodies of the district party committee and people's committee. Comrades Pham Song Cung, secretary of the district party committee, and Tran Nhut, chairman of the district people's committee, briefed the chairman on the socioeconomic situation of the district in the past, its orientation and tasks for the period ahead, and achievements in building and developing the district.

Chairman Do Muoi commended the party organization and people of Cat Hai for their efforts to implement its socioeconomic tasks, especially to restore the fishery industry in the early, difficult years of the eighties. He expressed hope that in the five-year 1991-95 plan or by the year 2000, Cat Hai would become a district with an appropriate economic structure capable of best exploiting the island's latent potential, the strength of which is its sea economy. The district must go ahead with investment in building facilities and in catching, rearing, and processing aquatic products; pay attention to producing a contingent of technicians; and provide vocational guidance to and recruit workers with good fishery experience for local economic development. It must strive to bring annual fishing output up to 20,000 metric tons—the highest level achieved in 1978. In processing, the district must strive to ensure that the Cat Hai fish sauce enterprise can produce 8 million liters of fish sauce per year to meet domestic consumption and for export.

Chairman Do Muoi also visited the Phu Long area. Haiphong is planing to build this area into a new economic zone which will be connected with Cat Ba Island to become a service center for the exploitation, processing, and exchange of marine products between the local people and other nearby provinces and foreign countries.

The chairman asked the municipality and Cat Hai district to make a careful feasibility study to turn Cat Ba and Cat Hai into a prosperous economic zone with good national defense. The chairman expressed hope that the party organizaton and people of Cat Hai would pay attention to afforestation, trying to build the Cat Bat national forest in conjunction with efforts to carry out animal husbandry.

On this occasion, Chairman Do Muoi wished the party organization and people of Cat Hai greater achievements, stable life, employment for all, and an end to illiteracy and child malnutrition. Cat Hai must become a prosperous and steadfast district.

Fiji

Army Commander Plans Military Air Base

BK2107093990 Hong Kong AFP in English 0926 GMT 21 Jul 90

[Text] Suva, July 21 (AFP)—The commander of the Fijian Army, Major General Sitiveni Rabuka, favours establishing a military air base at the capital's main airport, it was reported here Saturday.

The DAILY POST newspaper quoted Maj Gen. Rabuka as saying, "ultimately Fiji will need to establish its airwing and Nausori Airport looks like the best place to operate from."

The national carrier Air Pacific announced earlier this year that it was planning a large increase in routes after making a record profit in 1989 and that within three years it would move all its operations to Fiji's international airport at Nadi, 130 kilometres (80 miles) west of here.

Tourism, which reached a peak of almost 260,000 foreign visitors to Fiji in 1986 dropped to barely 200,000 the following year when Maj Gen. Rabuka overthrew the government. But it has risen steadily since then to approach pre-coup levels.

At present, the Army has one "Squirrel" helicopter, donated in 1988 by France and used for search and rescue missions and medical evacuations.

Another French-built "Dauphin" helicopter is due to be delivered next year.

Maj. Gen. Rabuka told the DAILY POST that six Fijian soldiers who started private air training in Queensland, Australia, in March had passed solo flying tests on fixed-wing planes and were working for private pilot licences.

The newspaper quoted other Army sources as saying the group were aiming for helicopter commercial licences.

Maj. Gen. Rabuka said this month that he wanted to leave the Army, stand for parliament under a proposed new constitution and become prime minister. He also outlined proposals to expand the armed forces including buying navy patrol boats.

The new constitution, which has yet to be promulgated, guarantees indigenous Fijians a majority of seats in parliament, giving them political dominance over ethnic Indians and other races.

Opposition Threatens To Boycott Elections

BK2207080490 Hong Kong AFP in English 0748 GMT 22 Jul 90

[Text] Suva, July 22 (AFP)—Fiji's deposed coalition has theatened to boycott general elections held under a new constitution which would guarantee a parliamentary majority for indigenous Fijians.

Officials of the National Federation Party-Fiji Labour Party Coalition, meeting on Saturday in the tourist resort of Nadi on Fiji's west coast, voted unanimously to "continue pressure on the interim administration for a referendum on the constitution."

The meeting was chaired by coalition leader Adi Kuini Bavadra, widow of former prime minister Timoci Bavadra, who was overthrown by the Army in 1987.

The president of the NFP, Balwant Singh Rakka, said Sunday: "Our position is very clear. If we don't get a referendum and a popular choice on the racist and undemocratic constitution, there's little point in participating in any future elections."

The military-backed interim government plans to hold elections in about 18 months after the constitution which it is currently studying is given for promulgation by President Ratu Sir Penaia Ganilau later this year.

Dr. Rakka, whose party draws its support from predominantly ethnic Indian sugarcane growers, said Fiji's 337,000 Indians had widely rejected the draft constitution.

"The interim administration wants us to accept parliamentary democracy of their choice. That is not acceptable to Indians and most of our Fijian brothers on the west coast who believe they are being deprived of their political rights at the expense of the chiefs from the east," he said.

The Great Council of Chiefs has already endorsed the draft, which stipulates that 32 of the 37 parliament seats allocated for native Fijians will be contested in rural constituencies where the chiefly power is strongest.

Ethnic Indians would have 27 seats. Four would go to Chinese and part-Europeans and one to the tiny Polynesian Rotuman community.

Dr. Rakka said indigenous Fijian rights were guaranteed under the 1970 constitution which Army Commander Major General Sitiveni Rabuka abrogated in 1987.

"As the coalition sees it, the survival of this country depends on both the major races working hand in hand in promoting multiracialism," Dr. Rakka said.

"We want a constitution which is multiracial and where all citizens should be treated equally."

The new constitution, described by the government as the "best compromise under present circumstances," has been endorsed by the Army.

Maj. Gen. Rabuka has said he would like to succeed the man he installed as prime minister, Ratu Sir Kamisese Mara.

Indo-Fijians Plan Separate Education

BK2207120290 Hong Kong AFP in English 1142 GMT 22 Jul 90

[Text] Suva, July 22 (AFP)—Fiji's major ethnic Indian religious and educational groups announced plans Sunday to set up separate colleges and a university to resist alleged racial discrimination by the military-backed government.

The secretary of the Fiji Teachers Union, Pratap Chand, said 10 groups met at the 11-nation University of the South Pacific here and resolved to establish "our own education institutions especially at the higher level where we face discrimination."

The government of Prime Minister Ratu Sir Kamisese Mara currently allocates 70 per cent of study funds to indigenous Fijians while Indians, Chinese and European descendents share the remaining 30 per cent for studies at tertiary institutions here and overseas, Mr. Chand said.

He said students from Fiji's 337,000 Indian population, about half of the total, have been paying for "more expensive studies overseas because of the government's racist policy."

Rajesh Chandra, pro vice-chancellor at the university, told the conference that "the time is opportune for Indians to take a forward step" in setting up higher education facilities.

Nauru

World Court Action Against 'Exploiters' Sought

BK2007075190 Hong Kong AFP in English 0627 GMT 20 Jul 90

[By Michael Field]

[Text] Wellington, July 20 (AFP)—Nauru, the world's smallest nation, is mounting a legal battle to seek compensation for its devastation by colonialist exploiters. Government officials plan to tell the International Court of Justice (ICJ) at the Hague how Australia, New Zealand and Britian strip-mined their phosphate-rich soil and left them with a barren landscape.

Nauru filed its opening claim two months ago and Australia has until January to reply.

Nauru Government officials have declined to make public the 10 volumes of documents they filed with the court, but diplomatic sources here gave a copy to AGENCE FRANCE-PRESSE.

"The story of Nauru and the problems ... are of an importance which reaches far beyond (Nauru)," the documents say. "(They) are global issues and of vital concern to the global community."

Nauru was a United Nations trust territory under Australia, Britain and New Zealand. Nauru's suit cites only Australia, because it is the only one of the three to accept full ICJ jurisdiction, and asks for 72 million dollars (56 million U.S) to repair damage.

But it argues that Britain and New Zealand, and former occupying powers Japan and Germany, have a moral obligation to pay damages.

"From being a primeval garden, Nauru has been transformed ... into a gaunt landscape," the documents say.

Two-thirds is now "like freshly dug graves with white headstones showing conspicuously above." Nauru's phosphate made it "a treasure house of the Pacific and a prized object of economic and political rivalries into which the Nauruans were drawn as passive victims," the documents say.

When mining began in 1906 it was a German colony. Australia occupied it in 1914, and under the League of Nations it became a mandated territory under Australia, New Zealand and Britain. They turned Nauru and neighbouring Banaba, or Ocean Island, over to the British Phosphate Commission (BPC) which, say documents, "was no independent entity but the three partner governments themselves in another guise." the BPC preserved "a tight and monopolistic grip" in secrecy, they say.

BPC records are still secret, and Nauru has only a rough idea of the value of the phosphate mined there, calling their loss "of great magnitude." The mineral was sold exclusively to BPC partner governments. Nauru claims it kept the cost at a quarter of the international market price.

Nauru claims the BPC obtained consent to mine by factors that "included coercion and deception." It says the BPC, in a "paternalistic or supercilious" manner, would only pay Nauruans what BPC thought was good for them. That attitude "suggests that the native is not entitled to the price of the product but that the true owners out of grace and favour gave them so much as was necessary to their needs," the documents say.

Between 1906 and 1968, 41 million tonnes of phosphate were mined. Since 1968, Nauru has moved 39 million tonnes.

BPC's share in dollars of the times was 59 million dollars (46 million U.S.), of which Nauruans got four million dollars (3.1 million U.S.), the documents say. Nauru says its land rehabilitation costs would total 215 million dollars (171 million U.S.). Documents say the BPC left Nauru a "rehabilitation fund" containing less than 600,000 dollars (480,000 U.S.), and since 1968 Nauru has built the fund up to 214 million dollars (169 million U.S.).

Nauru rejects the three countries' response that independence was a "just settlement." Nauru got two benefits, independence and control of its phosphate, and "neither of these was any more than what they were entitled to in law." Nauru says the three countries' argument is that Nauru itself should repair the BPC's 50 years of damage.

It is a survival issue for Nauru. The phosphate will run out by the mid-1990s and to make matters worse, phosphate prices have collapsed leaving prospects for the island's revenue tenuous at best.

Two-thirds of the island's water now comes in from phosphate ships, and once exporting stops they will not come. The rehabilitation plan involves moving the airport from the coast to the mined-out area at an estimated cost of 63 million dollars (50 million U.S.) and using the former tarmac strip as a water catchment.

Documents say Nauru is a small country with environmental problems of giant dimensions. "They may need a giant's strength for their solution. It was once a trust territory whose wealth and very substance were scattered throughout the world in the form of cheap fertilisers which helped grow food not only for particular countries but through them for all the world," the documents say. "The world cannot be insensitive to Nauru's problems."

New Zealand

Finance Minister Announces Preelection Budget

BK2407104890 Hong Kong AFP in English 1034 GMT 24 Jul 90

[Text] Wellington, July 24 (AFP)—New Zealand Finance Minister David Caygill announced late Tuesday a budget with a projected cash surplus of five billion New Zealand dollars (2.95 billion U.S.) and heavy increases in social spending.

With a general election three months away, Mr. Caygill told Parliament that the budget highlighted six years of Labour government that "have been remarkable" for its major reforms. Labour is trailing in public opinion polls.

The minister said the government would have a cash surplus of five billion New Zealand dollars in the financial year, would no longer borrow on the domestic market and would resume retiring overseas debt.

The surplus would include 4.5 billion dollars (2.65 billion U.S.) from the sale of Telecoms Corp. and revenue from cutting rights to state forests.

Mr. Caygill also announced big increases in spending for education, health and social welfare, and the only items cut were expenditures on defence and roadwork.

"Many of the foundations for strong and durable growth are now in place," he said of Labour's tenure.

Sir Robert Muldoon, a former prime minister and finance minister, slammed the budget, saying: "This is the most political budget I have heard in 30 years."

Some 200 million dollars (118 million U.S.) from the Telecom sale will go to school maintenance, over and above the 3.8 billion dollars (2.2 billion U.S.) for education. The budget also creates 600 new positions for teachers to achieve a one to 20 teacher-pupil ratio in junior schools.

"We are spending more money on more students more effectively," Mr. Caygill said.

He announced big increases in health benefits to ensure that children under five years old can visit doctors free of charge.

Targetting another election plank, law and order, the minister announced funding for 23 new community police stations and a guarantee that every residential street would have a neighbourhood support group by 1993.

On social welfare, he announced the creation of a new ministry headed by a minister for senior citizens, who would handle pension payments.

He announced big increases in welfare payments under a new universal benefit that would ensure low-income working families would be better off.

Excise duties on motor vehicles were abolished, which Mr. Caygill said would see car prices fall immediately by five per cent. Duty on diesel will also be dropped.

The land tax would be dropped from one per cent of assessed value to 0.5 per cent this year and after that would be abolished.

"This budget will help build on the economic growth now under way," Mr. Caygill said.

He said the government would resume retiring overseas debt and that official public debt in the financial year would be 53 per cent of gross domestic product, compared with 64 per cent in 1984 when Labour came into office.

The minister said the government was on target to reduce this to 50 per cent by 1992.

Palmer Activities To Ban Driftnet Fishing

Welcomes Japan's Action

BK1807102890 Melbourne Overseas Service in English 0803 GMT 18 Jul 90

[From the "International Report" program]

[Text] The Japanese Government has announced it will suspend the practice of driftnet fishing by its fleets in the South Pacific from October. The driftnets, sometimes called the wall of death, can be up to 60 kilometers long and can trap birds and dolphins as well as commercial fish. The move has been welcomed by the Australian and New Zealand Governments as well as the leading regional body, the South Pacific Forum.

The New Zealand prime minister, Mr. Geoffrey Palmer, who has been at the forefront of the push to stop driftnets, gave his reaction to Gordon Taylor.

[Begin recording] [Palmer] I am absolutely delighted. As the New Zealand prime minister, I have been carrying out a campaign against driftnetting since my speech at the United Nations last year. And the fact that we managed to get an agreement on the end of driftnetting by the Japanese is wonderful. I really commend the Japanese Government for this. They were under no obligation to do it for another year and I think the fact that they have done it shows that they are responsive to opinion in the Southwest Pacific.

[Taylor] But you do not think it is a hollow victory? Japan has said that it remains eager to resume driftnetting if regulations can be developed.

[Palmer] You cannot find regulations that will allow driftnet fishing to continue. The reason for that is that it is such an indiscriminate method of fishing, that is, it destroys everything that comes in its way—dolphins, porpoises, whales, birds, everything. The damage it does is so colossal. It got to be banned.

[Taylor] So, there is no compromise there. It has to be totally banned?

[Palmer] That is correct. Yes.

[Taylor] The Japanese seem to be under the understanding that if a management regime, particularly for the albacore tuna, can be worked out, they could start driftnetting again.

[Palmer] I think a management regime for the albacore tuna needs to be worked out, but I think that is by ordinary long line and other fishing methods, not by driftnetting.

[Taylor] Well, Taiwan has not imposed the ban. Taiwan is still driftnetting in the region. How far are we toward the universal driftnetting?

[Palmer] Well, all the South Pacific nations should be of the same view. I think the pressure is now going to be on Taiwan in a pretty heavy way. I do not see how the Taiwanese can stand up against what is now universal international opinion. I think they are going to have to give way.

[Taylor] And how are we to pressure the Taiwanese to give way?

[Palmer] We have got a number of methods of doing that. This issue is bound to be discussed at the forum which is starting in Vanuatu at the end of next week, and I am going to Japan before that time and I hope to get some information about the Taiwanese before I go.

[Taylor] What about Japan's relations with (?places) like New Zealand, Australia, and other South Pacific nations following this decision? Will it improve its position in the South Pacific?

[Palmer] Absolutely. I think driftnet fishing was the only irritant to the relationship between Japan and New Zealand. With that removed, we should have a very good relationship, indeed. [end recording]

Taiwan To Continue

BK1807104190 Hong Kong AFP in English 0840 GMT 18 Jul 90

[Text] Wellington, July 18 (AFP)—A Taipei diplomat said Wednesday Taiwan fishing boats would continue for another year using the controversial driftnetting technique in the South Pacific despite a Japanese decision announced Tuesday to stop the practice forthwith.

The secretary of the Republic of China embassy in Tonga, Wendell Sung, said his government had decided it would stop driftnet fishing in the region by June or July 1991.

No more licences would be issued but the practice would continue for about another year, he said.

New Zealand Ministry of External Relations Environment official Roy Ferguson said Taiwan and Japan had about 20 vessels from which driftnets were set in the South Pacific this season. The previous season (1988-89) Taiwan had about 120 vessels and Japan had 60.

The main fishing area in the early part of the season, November to December, was in the Tasman Sea between Australia and New Zealand, outside their respective 360 kilometre (200 mile) exclusive economic zones. Later the boats moved to the east and north of New Zealand, he said.

Pressure on Taiwan

BK2107074490 Melbourne Overseas Service in English 0500 GMT 21 Jul 90

[Text] New Zealand has accused Taiwan of not making its intentions clear over its attitude on driftnet fishing in the South Pacific. The New Zealand prime minister, Mr. Geoffrey Palmer, was referring to an announcement by Taiwan last Thursday which came two days after Japan said it was halting driftnetting in the region immediately.

Taiwan said it plans to stop using driftnets next year, but Mr. Palmer said its position was not totally clear. He said Japan's decision to stop using the nets immediately meant that Taiwan had isolated itself, and he urged the government in Taipei to consider in moving the ban forward to this year.

Conservation groups have condemned the use of driftnets, which cause the deaths of many species of marine life apart from the fish they are intended to catch.